

# BULLETIN

OF THE

## NATIONAL ASSOCIATION OF CREDIT MEN.

PUBLISHED MONTHLY BY

CHAS. E. MEEK, SECRETARY-TREASURER,

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## New Members Reported During August.

### BALTIMORE, MD.

Kann, J., & Co., Inc. .... L. T. Sackerman  
 Morrell, Shorb & Co. .... E. V. Shorb

### CHICAGO, ILL.

DeWitt, E. C., & Co. .... John W. Kennedy, Sec'y-Treas.

### DES MOINES, IOWA.

Credit Clearing House. .... A. W. Brett  
 Dun, R. G., & Co. .... H. J. Montgomery

### KANSAS CITY MO.

Bradley, Alderson & Co. .... Charles R. Howard  
 Queen of the Pantry Flour Co. .... O. R. Barton

### MEMPHIS, TENN.

Brown & Anderson. .... R. G. Brown  
 Cook, F. W., Brewing Co. .... J. E. Coan  
 Gale & Hooper. .... George S. Hooper  
 Hoadley Ice Cream Co. .... A. Hoadley  
 Kupferschmidt, R. ....  
 Memphis Bread Co. .... W. R. Hill  
 Memphis White Lead Works. .... E. E. Droom  
 Milburn Wagon Co. .... J. M. Hughes  
 Paul & Douglass. .... W. C. Paul  
 Rose Spring Bed Co. .... L. H. Feitlebaum  
 Virginia-Carolina Chemical Co. .... G. H. Tucker  
 Wade, John & Son. .... John Wade  
 Winterton, H. E., Gum Co. .... H. E. Winterton

### MINNEAPOLIS, MINN.

Busse, E. H. ....  
 Callender-Vanderhoof Co. .... P. E. Speaker  
 Cluett, Peabody & Co. .... C. S. Haymes  
 Hugo Shirt Co. .... C. A. Johnson  
 Pure Oil Co. .... O. J. Reed  
 Twin City Glove Co. .... C. J. Knutson

### NEW ORLEANS, LA.

Aarons, Elias, & Bro., Ltd. .... Augustus Aarons

### NEW YORK, N. Y.

Bates, J. E., & Co. .... Ernest A. Harting  
 Burr, George H., & Co. .... George H. Burr  
 Fourth National Bank. .... E. W. Davenport  
 McBratney, Robert & Co. .... Chas. A. Snyder  
 Meyers, Louis, & Son. .... Jules Hart

### OKLAHOMA, OKLA.

Dismuck, P. P. ....  
 First State Bank. .... C. F. Elerick, President  
 Jones, C. G. ....  
 New State Shirt & Overall Co. .... J. S. Daugherty

### PHILADELPHIA, PA.

Allen, S. L., & Co. ....  
 Zurn, O. F., Company. .... John F. Wilson

### PITTSBURGH, PA.

Benswanger & Hast. .... A. M. Hast  
 Continental Glove Co. .... C. S. Koch

Daugherty, George S., Co.....	George S. Daugherty
Dodge, F. W., Co., The.....	Truman S. Morgan
Dodsworth & Clifton.....	
Duquesne Oil & Supply Co.....	James McHugh
Empire Jewelry Co.....	L. Robinson
Gair, Robert, Co.....	H. W. Bennett
Globe Varnish Co.....	H. Hirsh
Grafner Bros.....	J. Grafner
Johnston, W. J., Co., The.....	W. J. Johnston
Kingsbacher Bros.....	M. Kingsbacher
McFeely Brick Co.....	J. H. McFeely
Ohio Valley Bank, The.....	F. B. Reynolds
Pittsburgh Bank for Savings.....	A. Murdoch
Safe Deposit and Trust Co., of Pittsburgh, The.....	Edward E. Duff
Waverly Oil Works Co.....	H. H. Willock
Wolk, J. N., & Co.....	J. N. Wolk

#### POUGHKEEPSIE, N. Y.

First National Bank.....	F. N. Morgan, Cashier
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#### RACINE, WIS.

Shoop, Dr., Family Medicine Co.....	P. C. Peterson
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#### SALT LAKE CITY, UTAH.

Jensen Creamery Co.....	I. N. Parker
National Cash Register Co.....	Oscar Groschell

#### SEATTLE, WASH.

American Radiator Co.....	H. J. Lambert
Bowles Co., The.....	C. H. Jones
Fales, J. W., Paper Co.....	Gilbert Fales
Pacific Coast Cond. Milk Co.....	G. K. Spencer
Union Machine and Supply Co.....	F. S. Wilson

#### SIOUX CITY, IOWA.

Sioux City Iron Co., The.....	Walter F. Ellis
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#### SYRACUSE, N. Y.

Dunn-Salmon Co.....	Chas. H. Johnson
Frazer & Jones Co.....	Chas. R. Jones
Halcomb Steel Co.....	H. S. Fulmer

Secretary W. P. Peter, of the Dallas association, during August visited in behalf of the National Association of Credit Men, Fort Smith, Arkansas, and organized an affiliated branch to be known as the Fort Smith Association of Credit Men. Officers for the ensuing year were elected as follows: T. C. Davis, of Reynolds-Davis & Co., as president; W. W. Webber, of Webber-Ayers Hardware Company, as vice-president, and R. E. Vick as secretary and treasurer. Secretary Peter found a splendid spirit of co-operation existing among the jobbers of Fort Smith, who intend as soon as possible to organize bureaus for the interchange of credit information and for adjustments.

Members of the National Association of Credit Men are warned against entering into contracts with concerns soliciting bad and doubtful accounts for collection without first communicating with the Secretary of the Association or the Secretary of any affiliated branch. Under no circumstances should members pay fees in advance for services to be rendered in connection with the collection of such accounts.

## NOTES.

An official list of the affiliated branches of the National Association of Credit Men is published monthly in the "Bulletin." The Association is not connected directly or indirectly with any association, institution or corporation whose name does not appear in the official roster.

The Chicago Credit Men's Association is to hold its first meeting for the season 1908-1909, September 23, 1908.

R. R. Parker, of Williamson-Halsell-Frasier Co. has been elected secretary of the Oklahoma City Credit Men's Association, succeeding George H. Thomas, resigned.

J. Harry Tregoe, who served the National Association of Credit Men as its president during the years 1902-3 and 1903-4, was a visitor at the National office early in the present month.

Oscar Loeffler, of Goll & Frank Company, Milwaukee, Wisconsin, one of the directors of the National Association of Credit Men, reached home during the last week in August after an extended trip abroad.

Wilbur B. Grandison has been elected secretary of the Buffalo Credit Men's Association and manager of its Adjustment Bureau. He has established the association's offices at 78 Erie County Bank Building.

The Denver Credit Men's Association with September 1st begins the issue of a local bulletin. These local bulletins have now become one of the greatest factors in the life of the Association.

Information is wanted regarding one, E. A. Heffield, formerly in the furniture business in Orlando and Sanford, Florida, who is said to have recently sold out his stock in both places and departed presumably for Texas, owing a large amount.

Under new rules, adopted by the United States Court in Pennsylvania, two days' notice must usually be given to a bankrupt on any application for the appointment of a receiver as well as to creditors and their attorneys so far as practicable.

The collection letter issued by the office of the Denver Credit Men's Association has made for itself the record of collecting \$148,500 out of \$285,000 turned over to the office. The letters and envelopes for the department are furnished without cost to any members desiring to use the system.

H. G. Moore, president of the Kansas City Association of Credit Men and one of the directors of the National Association elected at the Denver convention, spent several days during August in New York, and was a caller at the National office.

The August BULLETIN, which presented several cases tending to prove the efficacy of the bankruptcy law in providing methods of punishing commercial fraud, has attracted much attention. Members who have not taken the opportunity to read over these cases should not fail to do so.

Clarence C. Moore, who for ten years was connected with R. G. Dun & Company, has become assistant manager of the Adjustment Bureau of the Columbus Credit Men's Association. His long experience in practical credit work makes him well fitted to be of service to the Columbus association.



The Adjustment Company of the Denver association in order to handle properly its growing work has added to its staff Charles N. Kinney. The settlements being made through the Denver Adjustment Company have frequently been cited in the BULLETIN. They have been among the most noteworthy examples of adjustment bureau efficiency.

The mid-summer meeting of the Memphis Credit Men's Association took the form of an evening boat ride on the Steamer Louisiana on the Mississippi river. The arrangements were in the hands of a reception committee, of which William Orgill was chairman. The outing was a highly enjoyable affair.

The Wednesday luncheons of the members of the Pittsburgh Association of Credit Men are proving increasingly popular. During the summer months they have been held at the Lincoln Roof Garden with an attendance of from thirty to sixty members. Many plans for association work are developed and brought to a head at these informal "get-togethers."

The Nominating Committee of the New York Credit Men's Association has announced its recommendations for officers for the year commencing September 17, 1908, on which day occurs the annual meeting. They are Howard Marshall, of Joseph Wild & Co., for president; Frank S. Flagg, of Morse & Rogers, for vice-president, and Ed. E. Huber, of Eberhard Faber, for treasurer.

R. R. Fox, of Simonds Manufacturing Company, and R. S. Stacy, of the National Bank of Commerce, Seattle, Washington, represented the National Association of Credit Men at the meeting of the Committee on Commercial Law of the Commissioners on Uniform State Laws held in that city August 20-24, 1908. The meeting gave its consideration to a draft of an act to make uniform the law of Bills of Lading and a draft of an act to make uniform the law of Certificates of Stock.

President Enoch Rauh, of the Pittsburgh association, has appointed two teams to compete in increasing the membership of the association. William Meyer, of Sarver & Ames, and Joseph H. Zelch, of the Credit Clearing House, are acting as captains of the membership teams and the enthusiasm aroused by their work has already resulted in securing the application of many concerns which should long ago have been allied with the association. To the team securing the largest number of new members by December 15th, President Rauh will tender a Christmas dinner.

Judd Chapman, who has been for many years closely identified in the management of the Fox River Butter Company at Aurora, Illinois, latterly as secretary, discontinued his connection with the company September first last. Mr. Chapman has for several years represented his company in the National Association of Credit Men. He has had charge of the credits and collections of his company as well as the general office management to the entire satisfaction of his brother officers. Mr. Chapman has not announced his business plans for the future.

Among the many acknowledgments which members of the Association are making of the usefulness of the Association files relating to mercantile and collection agencies, the following is from a prominent Cleveland house: "We hereby wish to express our appreciation of the value of our membership in the Association, of which we have had a

practical demonstration within the last few days, in connection with a contract which we would have given the — Mercantile Agency had it not been for the information received through your office. We also know where it saved three other firms from a like experience. 'Let the good work go on.' "

The National Association of Agricultural Implement and Vehicle Manufacturers is to hold the next annual convention at Columbus, Ohio, October 20-22, 1908. As Columbus is a central point for the members an unusually large attendance is anticipated. The arrangements for the convention are largely in the hands of the Ohio State Committee, of which O. H. Perry, well known to the members of the National Association of Credit Men, is chairman.

The Investigation and Prosecution Committee of the New York association has been conducting an investigation into the affairs of a large boot and shoe manufacturing concern recently failed, with a view to the criminal prosecution of the president and manager for obtaining goods under false statements. Orders for large amounts of material were accepted from the concern on the basis of a financial statement made by the president of the company which has been shown to have been false. Action upon the case will be resumed energetically now that the summer period is over.

The latest bulletin of the Portland Association of Credit Men urges strongly the consideration of the members to the enactment of several laws of importance to credit men, such as the Fictitious Name Law, False Statement Law, and a law requiring the names of officers upon the stationery of corporations. The officers aim to have definite plans formulated at the October 20th meeting so that the association will have the bills covering these subjects ready for presentation to the Oregon legislature which assembles in regular session during the coming winter.

The Investigation and Prosecution Committee of the Cleveland association is endeavoring to get trace of one F. E. Freeman, formerly in the jewelry business at North Baltimore, Ohio. He left North Baltimore during the latter part of last year after having ordered goods from two or three Cleveland jewelry houses, which he forwarded to South Bend, Indiana. Here all trace of him has been lost. Possibly he has assumed the name of C. R. Henry or F. F. Bronny. Freeman is a jeweler by trade. A photograph of him can be had upon application to W. M. Pattison, care of W. M. Pattison Supply Company, Cleveland, Ohio.

Members of the Association are contributing freely from out of their experience to the files at the National office devoted to mercantile and collection agencies. Until the Association took up the work of gathering information on this subject there had never existed anywhere a well organized system of reporting on collection agencies. The result of this absence of a bureau of information has been losses to merchants and manufacturers amounting to thousands of dollars annually simply because they acted without investigation. The efforts of the Association in this direction have been warmly applauded. All members are urged to help make the files of the National office increasingly valuable by contributing of their experience with these agencies, whether favorable or unfavorable.

J. B. Pearce, of the J. B. Pearce Co., president of the Cleveland Association of Credit Men, was made president of the National Wall

Paper Jobbers' Association, which was organized during the month of August at Hotel Imperial, New York City. One of the main reasons for the jobbers in wall paper coming together is to exchange experience in credits and it was felt that coming together socially each year will help greatly to this end. Norton Newcomb of St. Louis, and J. M. Davison of Kansas City, respectively vice-president and secretary-treasurer of the Wall Paper Association, both represent concerns actively allied with the branches of the National Association of Credit Men in their cities.

At the annual convention of the American Bankers' Association, to be held at Denver during the week commencing September 28, one of the important subjects which will come up for discussion will be the need of some organized form of co-operation between the banks and note brokers in the matter of commercial paper. A number of evils have sprung up in the rapid development of the commercial paper idea and an answer is sought to the question how to correct the abuses attending the present method of handling commercial paper and properly safeguard the purchaser of this form of investment. The feeling is that there must be closer co-operation between the banks and brokers and that a general movement must be started to procure annual audits and appraisals by competent firms of certified public accountants, and further, that standard forms of signed statements must be adopted to be issued at shorter intervals than is now the common practice.

There seems to have been no limit to the number and size of orders placed by the Cleveland trio, namely:

West Side Department Store, J. J. Klein, Proprietor, 5116 Clark Avenue, S. W., Cleveland, Ohio;

American Garment Co., 1441 East 9th Street, Cleveland, Ohio.  
(According to letterhead, also operating at 215-217 N. Washington Street, Lansing, Mich.)

Hecht & Weiss, 5601 St. Clair Avenue, and 1327 E. 55th Street (formerly Wilson Avenue) Cleveland, Ohio;

whose operations are being investigated by the Cleveland Association of Credit Men. Those of the members who have not sent in original orders they may have received from one or more of these houses should do so at once in order to assist the investigators in coming to correct conclusions.

In a recent issue of The American Magazine is printed a letter of deep interest, written by one who has lately visited President Roosevelt. The problems pressing for solution, which the President pointed out to his visitor, are such as have been and will increasingly be forced upon the National Association of Credit Men, in common with other organizations of business men, for discussion and opinion. In his conversation, during which the President told of his plans for the months following March 4th, he said he saw new issues coming up: people are going in the next few years to discuss economic questions more and more; the tariff, currency, banks, hard questions in which, he said, he was not deeply interested. His problems, said the President, were moral problems and his teaching has been plain morality. It is for the farseeing and patriotic business man to turn over thoughtfully in his mind these significant words of President Roosevelt.

September first marks the finish of the bucket shop industry in New York state if the law enacted at the last session of the legislature making it a felony is effective. The law provides that upon conviction of crime

a guilty corporation shall be punished by a fine of not more than \$5,000 for each offense, and if the guilty party be an individual he shall be punished by a fine of not more than \$1,000 or by imprisonment, or by both such fine and imprisonment. It is said that legitimate brokerage houses are deeply interested in the proper execution of the measure as the bucketshop business has done more than anything else to bring Wall Street into disrepute in the public mind, and the strict enforcement of the law, it is believed, will tend to increase the volume of business of reputable banking and brokerage firms. The effectiveness of the New York law would, undoubtedly, be increased if the legislatures and exchanges of neighboring states framed laws similar to that enacted in New York state, so that the law could not be circumvented by means of wire connections between New York and cities of nearby states.

Members of the National Association of Credit Men who have had dealings with the Sprague Mercantile Agency of Chicago, Consolidated Adjustment Co. of Chicago, or Barr & Widen Mercantile Agency, St. Louis, are requested to report the result of the same to the National office.

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#### **Annual Meeting of the Board of Directors of the National Association of Credit Men.**

The annual meeting of the Board of Directors of the National Association of Credit Men will be held at St. Joseph, Missouri, October 19-20, 1908. This is nearly a month earlier than the annual meeting of 1907 was held, the reason for the change being the increasing amount of work devolving upon the standing committees, which, though they are appointed by the president must be approved by the directors. The Denver convention referred to the board a large number of important matters which must be acted upon as early as possible if reasonable progress is to be made by the time of the next annual convention. Some of the questions to be taken up by this year's committees are complex and will require as much time as can be given them.

Every affiliated branch and every member of the Association is earnestly invited to place before the board recommendations appropriate for its consideration. Communications should be sent to Secretary-Treasurer Charles E. Meek, at 41 Park Row, New York City.

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#### **Announcement Regarding the Credit Man's Diary for 1909.**

The compiling of the Credit Man's Diary authorized by the Denver convention, is in full progress. It is planned to include in this publication such matter as synopses of bulk sales, exemption, chattel mortgage and interest laws in the various states, matters pertaining to bankruptcy, a list of referees in bankruptcy, statistical and other matters relating to the Association, etc., and memorandum pages for each day. The aim is to make the volume the most useful handbook ever prepared for the credit man and for this reason suggestions looking to increasing the value of the book are invited from all members. So far as practicable the suggestions will be followed.

It is the hope of the officers that the members will take great pride in making this Association publication a marked success. The price will be made to cover merely the cost of production and is guaranteed not to exceed \$2.00, and will be less than that sum depending upon the size of the edition, advance orders will justify making. The larger the



edition the lower the price is per volume. The plans of the Business Literature Committee will be helped by the members' prompt action both in their suggestions and in placing orders.

#### **Resolution Regarding the Use of Badges at Conventions.**

In the make-up of the July BULLETIN there was omitted through error one of the resolutions offered by the Committee on Resolutions. It covers the troublesome question of badges which delegates to recent conventions have seen must be taken up with a view to getting some uniformity into their use. The resolutions which received not only the unanimous approval of the convention but its hearty applause, is as follows:

"Resolved, That it is the sense of this convention that the indiscriminate distribution and exchange of badges of local associations should be discouraged as leading to confusion and undignified use of the same, and further,

"Resolved, That the Board of Directors be requested to consider the advisability of adopting an emblem in the form of a badge which shall be an evidence of membership in the National Association of Credit Men at all its conventions, and, in connection therewith fix upon a device to indicate the local association which the wearer of the said badge may represent."

#### **A SUGGESTION IN RELATION TO PROPERTY STATEMENTS.**

FROM F. W. YALE, MANAGER ADJUSTMENT BUREAU OF KANSAS CITY ASSOCIATION OF CREDIT MEN.

There is scarcely a failure that has been brought to the attention of the Manager of the Adjustment Bureau in which a property statement has not cut some figure. Many of them have been successfully used in the recovery of goods by replevin or reclamation proceedings. A number of them have been simply exaggerated and others undoubtedly false. Creditors have at times suggested and urged criminal proceedings for obtaining goods under false pretenses, but in no case yet presented (in the experience of the Adjustment Bureau at Kansas City) has the statement itself been such that in the light of actual conditions, was it wise to undertake criminal action.

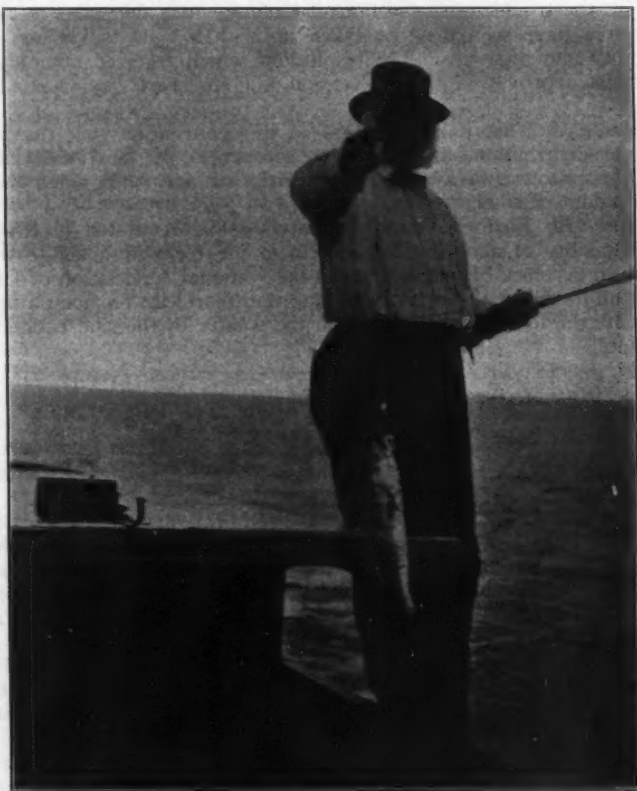
Many of the statements are received by mail, in which event the crime itself may have been committed in a foreign state instead of in Missouri. Oftentimes the figures are clearly estimates or approximations, subject to explanation. There are omissions unnoticed, and occasionally collateral information which kills the effect of the statement; but no matter how clear the case may be, the question of the place where the crime was committed is a very important one.

It has been found that the most efficacious way of handling false representations as a crime is by invoking the aid of the Federal Court for "Using the mails for fraudulent purposes." Therefore, it is suggested that if a statement is received by mail direct from the debtor, *the envelope in which it is received be attached to the statement* and filed with it, and if received from a salesman, that envelope, together with the salesman's letter, be also attached. If made in the office of the creditor, a memorandum of the circumstances under which it was made should be also attached. If this is done there will be no question of memory of the transaction or of the circumstances attending it.



### President Gettys at His Favorite Sport.

The members of the Association will appreciate the picture, printed here, of President Gettys taken at a moment of supreme triumph. The scene is at Barnegat to which famous fishing grounds President Gettys and Secretary Meek are accustomed to betake themselves for a day or two at the end of a week spent by the President in New York. The "salts" at Barnegat nowadays have learned to expect record catches



PRESIDENT GETTYS AT BARNEGAT.

when this pair invade their domains, for President Gettys is as much a success at playing the big fish as in handling the serious business of life. The members of the Association all join enthusiastically in hoping that President Gettys may continue to cast his line where the fish are biggest and best.

#### "My Old Kentucky."

"KENTUCKY: Not the oldest nor yet the youngest; not the richest nor yet the poorest; not the largest nor yet the least; but take it all in all, for men and women, for flocks and herds, for fields and skies, for happy homes and loving hearts, the best place outside of heaven the good Lord ever made."—*Rev. Hugh McLellan.*

## COMMITTEE APPOINTMENTS.

YEAR 1908-1909.

President Gettys has appointed the following as chairmen of the committees of the National Association of Credit Men for the year 1908-1909:

1. Legislative, D. L. Sawyer, Tibbs, Hutchings & Co., St. Paul, Minn.
2. Bankruptcy, O. G. Fessenden, Hayden W. Wheeler & Co., New York, N. Y.
3. Adjustment Bureau, H. L. Eisen, Landauer & Co., Milwaukee, Wis.
4. Membership, J. H. Scales, Belknap Hardware and Manufacturing Company, Louisville, Ky.
5. Mercantile Agency and Credit Co-operation, O. H. Perry; Columbus Buggy Company, Columbus, O.
6. Business Literature, Charles Reynolds, Crescent Cigar and Tobacco Company, New Orleans, La.
7. Credit Department Methods, F. W. Risque, Sieber & Trussell Manufacturing Company, St. Louis, Mo.
8. Investigation and Prosecution, Oscar Wells, Fort Worth National Bank, Fort Worth, Tex.
9. Fire Insurance, Powell Evans, Merchant & Evans Company, Philadelphia, Pa.
10. Currency, Harry New, The Landesman-Hirschheimer Company, Cleveland, O.

The full list of the new committees will appear in the October issue of the BULLETIN as has been customary.

### **The Legality of Loose Leaf Books as Evidence in Court.**

The question of the legality of the loose leaf ledger and other like books of account has probably come to every credit man, and while he may have answered it to his own satisfaction, a clear exposition of the subject will not be without interest.

A business man of wide experience with loose leaf books declares that a page from a loose leaf ledger is just as authoritative and trustworthy when presented in evidence as a page from a bound book.

He states that during his many years in business he has forwarded to attorneys at different times a very large number of accounts made up or copied from the bound ledger to be sued on at points remote from headquarters. These sworn accounts were copies of the account between creditor and debtor as made up from the ledger and itemized from the bills, and he says that in no case has such an account been disputed by reason of its being a copy.

It is quite likely that a dispute in a ledger account may have to be fortified by other evidence; it frequently happens that when an account from a bound ledger is sued on that the debtor would claim that a charge was not correct, in which case the procedure would be the same with a bound ledger as it would with a loose leaf, namely: The creditor or plaintiff would get from his files the original order as placed by the debtor, he would secure from the railroad company or common carrier the receipt showing shipment to the debtor as ordered, and possibly ask the common carrier to furnish him with the date of delivery and the evidence of delivery of goods to the debtor. Thus, if the creditor is suing for a number of bills, or one bill, when he can prove that the goods were ordered by the debtor, further that the price was fair and

just, and again that the order was filled as given and the goods were actually delivered, there can be no dispute of the account.

But on the other hand, if the payments, as shown by the creditor's ledger, are disputed by the debtor, the proof must then be furnished by the debtor that he did pay that sum or those sums of money. Consequently, the whole evidence of a ledger is resolved by the proof of original documents of purchase and delivery of the goods and proper credit of the payments, and the question of whether the books of account are made up from bound pages or loose pages does not enter into the case since the face of the ledger is never taken as absolute proof in any court of law if it is objected to by the defendant.

### **Is a Bankrupt Protected from Use of His Books Against Him in Criminal Cases?**

Credit men will be interested in a decision handed down August 31, 1908, by Judge George C. Holt, in the United States District Court, in the case of George Harris, of the firm of G. Harris & Co., New York City, in which Judge Holt decided that the books of a bankrupt must be produced for the use of the receiver of a bankrupt firm upon the assurance that the books will not be used against the bankrupt in a criminal proceeding.

An involuntary petition in bankruptcy was filed against Harris on June 23d last, and when the receiver called for the books they were refused on the ground that they contained entries which would incriminate the alleged bankrupt. Then an order to show cause was obtained and after hearing the arguments of the attorneys for the receiver and the attorneys for Harris, Judge Holt presented his decision in the following language:

"On the one hand, the law is well settled that the constitutional provision that no man shall be compelled to be a witness against himself enables a person, under ordinary circumstances, to refuse, not only to give oral testimony, but to produce his books and papers on the ground that they would incriminate him, and it has been held that a bankrupt, as well as any other person, is entitled to the protection of the constitutional provision.

"But in the case at bar no criminal prosecution has been brought, and the only purpose for which the receiver wants the books is to administer the estate. A rule under which a bankrupt may, in any case, at his own option, refuse to produce his books may, in many instances, almost paralyze the power of the court to administer the estate.

"In view of the necessity in bankruptcy cases it has been held that a bankrupt is permitted to withdraw his books from his trustee on his mere assertion that they tend to incriminate him, but must produce them before the court or referee in bankruptcy in order to have the question determined whether they do, in fact, tend to incriminate him; and that, if it appears that they do contain incriminating evidence, the court can make such an order as will protect the bankrupt from the use of such evidence for any criminal proceeding, and at the same time will enable the trustee to make such use of the books as may be necessary to administer the estate.

"While the practical difficulty of absolutely protecting a bankrupt in such a case must be admitted, the necessity on the other hand of giving the officer who administers a bankrupt's estate access to the books is so imperative that, in my opinion, the practice suggested in the cases cited should be followed."

Lawyers who have discussed the opinion as set forth above, seem to question the decision on the ground that it compels a man to give testimony which tends to incriminate him, thus violating his civil rights, and that the order referred to could not prevent the District Attorney from taking the books under subpoena or subsequent court order.

### **The National Association of Clothiers Establishes an Adjustment Bureau.**

At the last annual convention of the National Association of Clothiers, held in March, 1908, a resolution was unanimously adopted to organize a legal bureau to be known as the Adjustment Bureau of the National Association of Clothiers. A committee of six was appointed to take the necessary steps to establish the bureau. The committee has announced that an office will shortly be opened in New York City, under the management of Henry Rosenberg.

The bureau will look after the collection of debts and the adjustment of claims between the members of the National Association and their debtors. The constitution of the organization explains the objects of the bureau as follows:

"To secure better financial results through united action by and for all the interested members in the collection of their claims from debtors; to facilitate compromises if a failure is found to be an honest one; to prevent fraudulent settlements; to oppose the discharge of bankrupts in cases of fraud; to institute criminal proceedings against debtors and their attorneys, if an offense against the law can be established; to co-operate with other creditors and establish agencies for the economical administration and speedy and equitable division of the estates of insolvent debtors; and to arrange terms and conditions on which delinquent but solvent debtors may be enabled to continue in business."

The bureau will also, at the request of members, endeavor to procure special reports on retail clothing dealers.

### **Is a Better Method Being Evolved of Settling Bankrupt Estates?**

There can be but one answer to this question after reading of such cases as those which are here set out.

From utter hopelessness that out of failure cases, anything but the merest pittance will finally come, business men are now beginning to take another view, that the salvage is theirs and is not alone for those who draw the papers. Progress in this awakening is slow, but it is slow because so few are willing to share in the work.

Every business man should be a meliorist in this demand for improved methods of settlement of embarrassed estates, that is, include in his protest against unfairness and in his demand for fairness a spirit of willingness to do his share to help along the cause. If this were the spirit ruling over the entire Association, who doubts that the adjustment bureau would evolve a satisfactory solution of the bankrupt estate problem?

The following are cases recently reported:

Case 1. This case had to do with a clothing firm in North Dakota. There were three partners, two of whom were away when the third was arrested for conspiracy to burn the stock. The adjustment bureau connected with the associations at Minneapolis and St. Paul was called upon to act by three of the principal creditors, and secured a trust deed to its manager and ran the business at retail for about sixty days until a sale could be made in bulk.

The assets were: Stock (at cost price), \$15,800; accounts (face value), \$4,200, of which \$2,000 were considered good; fixtures, \$750. The liabilities to sixty-two creditors were about \$15,400.

The bureau sold the stock and fixtures in bulk for sixty-five cents on the dollar, net, and had retail sales and collections of about \$2,400. A dividend of 66 2-3 per cent. net to creditors has been paid, and there are funds on hand for a further dividend of 8 per cent. and prospects of additional money from book accounts.

Case 2. In this case a trusteeship was made to the same bureau at request of the three leading creditors. Two brothers were partners and ran two stores, one of which was in a town of about six thousand people and was a fair success. The other, in a hamlet of about fifty people, was a "white elephant." It had a stock of \$10,117; fixtures, \$264.50, and accounts of \$702. This latter stock was very badly kept and in a wretched condition. The other store had a stock (at cost price) of \$2,742; fixtures (cost), \$775; accounts, \$1,172, and cash, \$200. The liabilities of the firm to forty-six creditors totaled about \$9,800. There was, in addition, a store building estimated at \$3,000, mortgaged for \$1,200, and two cottages, exempt.

The bureau closed up the large stock and fixtures in less than four weeks at sixty-four cents on the dollar, net, and brought about a settlement on the balance of the indebtedness whereby the creditors received 100 per cent. gross on their claims and paid dividends of 92½ per cent. net, to creditors.

In both cases the total fees and expenses will not total over 7½ per cent., the fees being 5 per cent.

Case 3. In this case the concern carrying general merchandise was incorporated, but the ownership, management and control was vested entirely in one individual. This man, through failing health, was forced to abandon all active connection with the business and seek the benefits of another climate. At this juncture the brother, realizing what might happen, went to the larger creditors. At their instance the adjustment bureau at Chicago investigated the case and by agreement of all parties assumed control. Creditors readily granted an extension of twelve months. A capable management was at once provided and there is every indication that the debts will be paid in full within a considerably shorter period than a year. The case is most significant of the power of co-operation.

Case 4. This is a case referred to the bureau at Cleveland, where a settlement of sixty-five cents on the dollar was obtained and the results to creditors, without co-operation through the bureau, would have netted such creditors not in excess of thirty-five cents on the dollar. Here is an acknowledgment of the receipt of the dividend from one of the members: "We wish to acknowledge receipt of check in payment of claim and are well pleased with the settlement made."

Case 5. The Adjustment Bureau at Chicago reports of a case it has in charge in which the manager was appointed receiver under the Circuit Court of Cook County, the defaulting company, however, and its property being located at some distance from the city. The liabilities are about \$28,000 and the assets at cost inventory slightly in excess of this amount and consist of a well equipped printing plant and a complete stock of office supplies. The embarrassment of the company was not due to a lack of business or to insufficient capital, liberal amounts having been advanced from time to time, and while the management was not capable, it was evident there was something radically wrong with the



business itself. With expert assistance the receiver began a careful analysis of the work turned out, and its relation to the cost of production. The difficulty was discovered immediately. It was found that estimates on any given piece of work were based on the most uncertain figures as to cost of labor and material, and the proportion of overhead expense to be added. Prices were regulated generally by what customers said a competitor would do the work for. A cost system was introduced, the stationery and office supply departments were disposed of to good advantage, thus eliminating a large portion of the expense, and at the same time providing capital which the receiver could employ in making the manufacturing part of the plant profitable.

Case 6 This is a case involving a firm having two men's furnishing stores in Chicago. The liabilities were about \$12,000 and the assets had a value considerably in excess of that figure, provided the business could be continued and not sacrificed. A trusteeship was quickly entered into and accepted by all creditors, and a liquidating sale inaugurated. Special care was taken, however, to sell only at a fair profit, and to maintain the stock in right proportions so far as possible. The plan was highly successful. Within three months creditors received 50 per cent. in dividends and only \$300 has been expended for new stock. The partners decided to dissolve, each one retaining a store. This arrangement has been completed, subject, of course, to the trusteeship which continues uninterrupted. Each of the partners was able to secure a certain amount of outside capital, the funds having been deposited with the trustee, not for dividends, but to guarantee the payment of certain purchases that were absolutely necessary in the line at this season, such purchases, however, being added to the estate to which the trustee has title. The case promises well for payment in full.

Case 7 This is a case in Jeffersonville, Ind., in which Walter Walker, manager of the Adjustment Bureau of the Louisville association, acted as trustee. With the sanction of the largest creditors Mr. Walker disposed of the business at private sale and in bulk for \$2,015. This amount is to be slightly increased by the sale of certain odds and ends not included in the bulk sale. The claims filed aggregate \$3,000, and the trustee is shortly to make a liberal distribution to all creditors.

In its July, 1908, Bulletin, the Chicago association in commenting upon the work of its Adjustment Bureau says:

"Our Adjustment Bureau, during the month, was successful in effecting settlement for creditors in two cases where bankruptcy was imminent. One paid 60 per cent.—the other paid 50 per cent. and a portion of the expenses of adjustment.

"A final dividend of 8 per cent. was distributed in a case that has realized a total of 68 per cent. to creditors.

"One trusteeship was closed at .483. This particular case afforded an excellent opportunity for comparison with a case administered in bankruptcy at the same time, where the assets and liabilities were practically identical in amount and character. As we represented many of the creditors in the bankruptcy case, we were familiar with the facts. The estate administered by the Bureau as trustee was handled at a total expense of slightly over \$400, including rent, taking inventory, trustee's fee, incidental and all other expenses. The expense in the bankruptcy case, not including the fee of the trustee and his attorney, or his expenses, was over \$800.

"It is not strange that there is an increasing demand for the services of the Bureau as a liquidating agent, and as a medium for taking

charge of estates that are insolvent or involved. Creditors are calling upon us to get creditors together and allow the taking over of assets in their interest, and we find that the results in almost every instance are such that those creditors who once use the Bureau have no desire to go back to the old methods. No credit man can afford to be ignorant regarding this proposition."

#### **A Significant Report Made to the Northwestern Jobbers' Credit Bureau of the Minneapolis and St. Paul Associations.**

On June 30, 1908, Frank H. Suffel, as manager of the Northwestern Jobbers' Credit Bureau, conducted by members of the Credit Men's Associations at Minneapolis and St. Paul, presented his annual report. This was also his farewell statement, Mr. Suffel soon after, resigning his position, Mrs. Suffel's health necessitating his taking her to another climate. The report indicates a large amount of service performed for the members. It is as follows:

"In submitting my final report as treasurer and manager of the Northwestern Jobbers' Credit Bureau, and on taking leave of the work, I wish to congratulate the members on the fact that the bureau is now, for the first time, on a sound financial basis. Both departments show a comfortable working balance.

##### **REPORTING DEPARTMENT.**

"The reporting department shows a book-keeping balance of \$563.74 on the right side of the ledger, but the real surplus is \$1,673.54. The item, 'Capital Stock, \$1,110' is not really a liability, although entered as such, as the bureau is under no obligation to repay this to its members and never received any cash for same, apart from the yearly contract subscription. The first \$10 of each subscription was applied in payment of a share of stock and entered on the books as such.

"During the past year the reporting department has cleared 18,500 original inquiries, and in all, has issued to its members thereon about 200,000 reports.

"The membership in this department, of date June 30, 1908, totaled 112, all of whom were active members. The membership, although smaller in number than in the beginning, is more substantial and representative in its character.

"During the past year the bureau has added to its membership houses in Fargo, Grand Forks, Aberdeen, Red Wing and Winona, and the manager had the promise of two more Fargo houses for contracts July 1, 1908.

"The reports have increased noticeably in the number of houses reporting thereon, thus adding to the work of the office but giving more information to the members. On July 1, 1907, the bureau found that many of its members had over-subscribed for the year 1906-7, and, as a result, it had, in most cases, to make good and to allow the inquiries, not used to apply on contracts for the year 1907-8.

"During the year 1907-8, however, the bureau has worked on a strictly business basis with its subscribers and has not urged them for excessive contracts, but has tried to have each subscriber limit his contract to the number of inquiries he would reasonably require. As a result of this conservative policy, there were only two large subscribers who did not exhaust their contracts, and the majority owed the bureau tidy sums for excess inquiries.

"More prompt replies on the part of the members would materially shorten the length of time in clearing the names inquired on and would

result in better service all around. The prospects are, from inquiries received about our work by numerous wholesalers, that the membership during the coming year can be materially increased."

#### ADJUSTMENT DEPARTMENT.

"During the past year the work of the Adjustment Department really began, and it is only since November or December, 1907, that we could claim any organization worth the name.

"On July 1, 1907, your manager started the year's work in this department with a working capital of \$349.83—of which \$177.33 was in cash—and with about half a dozen cases on hand. Since that time there has been no fund provided for carrying on the work and when any new man was employed or any new office convenience purchased, it was done at the manager's personal risk of loss. In spite of this handicap, the department shows a surplus of \$1,953.38, after paying all current obligations, and has on hand enough to repay its guarantee fund of \$875 and still have a fair working surplus.

"On May 27, 1907, your manager submitted to the directors a short history of each case handled by the Adjustment Department to that date. The data cannot be compiled in a short enough form for this report, as the details are too numerous and each case stands on, and must be judged by, its own facts and surrounding circumstances.

"In brief, during the year ending June 30, 1908, your Adjustment Bureau has been concerned in 57 cases, in which it has acted in many different capacities. It has collected and distributed to the creditors the sum of \$61,968.83, and had on hand June 30, 1908, the sum of \$5,370.60, due estates and not ready for distribution.

"The financial panic of October, 1907, played havoc with our plans in several estates and materially reduced the amount realized from assets. Since the first of the year, however, this department has been successful, in the large majority of cases, in getting a quick clean-up at a fair price, and has turned a number of very successful deals on which it has received the congratulations of the creditors for its work.

"The bureau has already established itself as the greatest claim getting medium in the Northwest. In one case it succeeded in obtaining every claim, where there were 68 creditors all over the United States. In many cases it has so established itself with outside houses that claims are forwarded without solicitation. It has also established cordial working relations with practically every collection agency in the Twin Cities.

"Of course the Bureau is complained of by some (every business institution is now and then) and there have been some just causes of complaint. A complaint, when founded on reason, should secure immediate attention and is a source from which we may learn to avoid like future mistakes. But this department has been able to demonstrate its capacity to handle business, the support given it by the wholesalers has increased, and, during the coming year, it should meet with a much larger measure of success and a largely increased support.

"The Bureau has been called upon too much to bury the corpse, instead of being called in to minister to the patient. In bankruptcies we are many times called upon to obtain control, after the matter has been in the hands of collection attorneys for several days. Many wholesalers also, from a false idea of economy, file their claims direct in order to save the fees. Many, also, seek trusteeships in all desirable cases and turn over to us those which have lots of work and little, if any assets.

"There should be a larger measure of co-operation, the same as

prevails in the western bureaus at Spokane, Portland, Los Angeles, Salt Lake and Denver. Some of the members of the Bureau are also members of the western bureaus and, from compulsion, submit to rules calling for a degree of co-operation very different from that which they give their own Bureau.

"If I had not severed my connection with your Bureau, I, perhaps, might not speak so frankly, but my ideas are as follows—not by way of criticism, but by way of suggestion. If this work is worth doing, it is worth doing well, or not at all. Get a good man for the work, and pay him a good man's salary. Give him funds to carry on the work, as funds are needed. Establish active committees, who will go out and bring the wholesalers into line, and keep them there. Your manager cannot do this. He has no time. He is needed elsewhere. If your manager is to do the outside work, give him a first-class office man to help him out. Do not expect impossible things. You cannot do them yourselves and should not expect them of him. When he does good work, tell him so. He will feel more like doing it a second time and you will be the gainer many times over. Let the Bureau make the investigation at the start. It will often save money, as the Bureau should get the facts, first hand, and will have to do so sooner or later.

"When a trusteeship is established in the Bureau, do not tie your manager up by verbal promises, or with instructions by which the owner is to be left in charge, or the business is to be conducted a certain length of time. Both of these conditions are equally unfair to the trustee and equally disastrous to the creditors.

"Stand behind your Bureau as a man, and you will have an organization with wonderful possibilities for future good work."

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### Smile

If the sky looks dark,  
And the air seems chill,  
And the clouds hang gray,  
And the winds howl shrill,  
And the whole wide world  
Looks dull and grim—  
Why, the outlook's very  
Dark and dim,  
And  
You're blue, old man, that's all.  
You're blue!

But  
If the sun shines clear,  
And the sky is fair,  
And a sparkle of life  
Thrills the bracing air,  
And the world looks bright,  
And the breezes play,  
And nature smiles—  
Why the outlook's gay,  
And  
You, old man, why,  
You're  
all  
right.—Somerville Journal.



**Doings of the National Association of Local Fire Insurance Agents  
and the National Association of State Insurance Commissioners  
of Interest to This Association.**

The conventions of two associations which seek the improvement of fire insurance conditions in this country were held during August. The National Association of Local Fire Insurance Agents held its convention in the week of August 10 at St. Paul, Minnesota, and the National Association of State Insurance Commissioners held its convention the week of August 24 at Detroit, Michigan. Both conventions declared for greater publicity regarding the business of insurance, a better understanding between the people and the companies, and for a heartier co-operation between insurers and insured. These were declared to be fundamental requirements in seeking improvements in insurance conditions.

In his address to the Association of Fire Insurance Agents, President F. W. Offenhauser made a strong plea for the "professionalization" of local agents. He declared that the present system of electing and appointing agents is wrong, and that there is hardly a trade or profession which places so little premium on intelligence and experience, that the everlasting greed for premiums seems to overshadow all regard for competence and qualification. "Many of us," said President Offenhauser, "can recall instances where supplies have been proffered to an unsuspecting individual who was really astounded to learn that he was capable of representing an insurance company; and whose reluctance to accept so important a trust was met with the encouraging words: 'Go ahead, Mr. Blank; just give us the business; we will do the head work.'"

"Many of you have read the proceedings of the National Association of Credit Men at its convention held in Chicago in 1907, when very decided views were expressed regarding the inexperience of fire insurance agents, and we are bound to admit the force of the arguments coming from such a representative body of business men. It proves conclusively that the 'professionalization' of the local agent is of the greatest importance and should receive the serious consideration of this convention. I need hardly mention that our interests lie with the National Association of Credit Men in improving the character of local representation. In recognition of this our association passed the following resolution at our Richmond meeting last year: 'The co-operation of the National Association is tendered to business men's organizations interested in improving insurance conditions. And we especially endorse the strong position taken by the National Association of Credit Men against the multiplication of inefficient agents essentially detrimental to the interests of property owners.' This action was transmitted to the officers of the National Association of Credit Men, and you will be interested to learn that during the year the local credit men's associations, acting upon the advice of the National organization, took up for discussion the question of fire insurance, many members of our organization being invited to speak upon the subject.

"I recommend that we meet the request of the National Association of Credit Men for co-operation by appointing a special committee to confer with the Insurance Committee of that organization to consider some plan for improving agency representation and to decide whether the proposed plan of licensing agents can be best done under State laws requiring Civil Service examination or in some other way.

"Among the responsibilities which the local agent assumes, none is more important than bringing about a better understanding between the



insured and the insurer. It is generally appreciated that our business must be divorced from secretive methods, if we are to allay the ever-growing prejudice which meets us on every hand. To ignorance of the true relationship that should exist between the policyholder and the company can be ascribed many of the difficulties we encounter. The fault lies largely with local agents who miss many opportunities to show that a certain mutuality of interest enters into this relationship, which cannot be ignored.

"The public should be taught that fire insurance companies are merely custodians of the trust fund accumulated from the insurance tax, and that in fixing the rate of premium chargeable to each individual risk it is purposed to so classify the business as to exact from no class any more than experience teaches will enable the company to carry out its contracts. Because all responsible companies demand a uniform rate is no evidence that there exists a conspiracy in restraint of trade. The insurance tax can only be arrived at through the combined experience of all companies within a given territory and for a term of years. There must be some method of utilizing these results to secure an intelligent distribution of the tax.

"Many states have enacted drastic anti-trust laws, prohibiting the companies from conferring on rates because of the mistaken opinion that the company should be classed with the great combinations of capital, which, through means not always honorable and fair, seek to control the supply and demand of some product, to the detriment of the people. As a matter of fact, the companies bear not the least resemblance to a so-called trust, there being neither a combination of capital nor a division of profits.

"In all localities where companies have been forced to abandon their rating machinery, discrimination in the insurance tax inevitably follows. We might better this condition by trying to create public sentiment favoring a compulsory apportionment of the insurance tax by the companies. This should be unhampered by political entanglement or state supervision, to the end that each individual insurer might pay only his just proportion of this tax."

The convention voted to authorize the president to appoint a special committee to confer with the National Association of Credit Men relative to standards of qualification for agency appointments.

The influence exerted by the National Association of Credit Men in insurance matters was also recognized in the invitation of one of its members, D. L. Sawyer of St. Paul, to address the convention. Mr. Sawyer's address will be found printed in full in another part of this issue.

President Reau E. Folk of the National Association of State Insurance Commissioners in his annual address said that among the topics upon the program of the convention was the advisability of the adoption of a simplified form of fire insurance policy. "The form of fire insurance policy," said Mr. Folk, "generally in use in this country is what is known as the New York standard form. Several states have by legislative enactment adopted a standard form; but in most cases they are almost identical to the New York standard form. Massachusetts, which never follows anybody in the matter of insurance, has its own form, I believe all of these forms are entirely too long and too unintelligible to the layman and I believe a shorter and simpler form would result in more general satisfaction and benefit. If this convention should decide to take up this subject and select a committee to give consideration to it, that committee should invite the views of all parties interested

so that its recommendations may be reached after obtaining a most comprehensive knowledge and understanding of the subject. Among others there should be a conference with the National Association of Credit Men of this country which has recently had this matter under discussion, as well as the Insurance Committee of the American Bar Association."

According to recommendations made by the president in his address a resolution was adopted calling for the appointment of a special committee to undertake an exhaustive consideration of the question of the desirability of a simplified form of fire insurance policies, this committee to invite conferences with all interested persons and other associations and report at the next annual meeting of the Insurance Commissioners to be held probably at Colorado Springs in August, 1909.

The action of these two conventions indicates the definiteness of the movement now on foot for better fire insurance and progress of real value to the people should result.

### THE BUSINESS MAN AND FIRE INSURANCE AGENTS.

AN ADDRESS BY D. L. SAWYER, AS REPRESENTATIVE OF THE NATIONAL ASSOCIATION OF CREDIT MEN BEFORE THE RECENT ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF LOCAL FIRE INSURANCE AGENTS HELD AT ST. PAUL, MINN.

The position of the fire insurance agent is identical with that of the business man who deals in everyday commodities, with this exception: the business man sells his wares to any one who has the price, while the insurance agent selects his customers. They both have "value received" for sale and both are anxious to do all the business they can, and in both classes there are those who will use questionable methods to increase business.

It is said that some agents will, under pressure, make it advantageous to their patrons to place their business with them, but rebates and the offering of rebates are pernicious to the agent and demoralizing to the insured, working only harm and general disgust in an otherwise honorable business. The rates of all insurance companies are supposed to be identical on the same risk, but there should be discrimination; the business man with a questionable character, careless habits and shiftless disposition, who applies to a bank for a loan is carefully scrutinized, and if he obtains it, pays a higher rate than the man with the high moral character, good habits, a money-maker and who looks carefully after his interests, yet the same insurance rates apply to both; to one a fire would be highly advantageous, while to the other it would be detrimental. I believe the same distinction should be made between such parties as is made between a brick and a frame building. Fire insurance should never be forced upon a person, but should be sought after in the same manner in which a loan is obtained at a bank.

There is no business in the land more honorable and dignified or that the world at large would miss more if eliminated than the fire insurance business. It is, as a matter of fact, the foundation of all credit business throughout the country, and without the credit system business would be greatly curtailed in all branches.

As the local agents are a part and parcel of this great system, they are closely identified with all branches in commercial lines, and as a whole are looked upon as among the very best citizens and the best informed business men in their communities.

The National Association of Credit Men, the organization I have

the honor to represent at this time, at its last two or three annual meetings, made some suggestions, which, if carried out, would lead to the improvement of methods in the conduct of the business of fire insurance. This Association desires to co-operate in every possible manner with fire insurance companies in establishing a higher standard for its agents and in the improvement of methods for the prevention of fires. In this way the insurance rates now prevailing will be reduced and a great financial benefit will come to the business world.

The Credit Men's Association has, among other things, suggested that before a man is appointed to represent a fire insurance company he should make a study of insurance methods and laws and pass an examination, thereby establishing a standard of qualification to which every applicant must have attained before he can secure an agency. He should not only know the insurance laws of the state in which he does business, but he should thoroughly understand the modern contracts of insurance and the fundamental principles of insurance protection, as well as the judicial interpretation of the policy conditions, which are required in properly advising and protecting his clients.

While a great many agents at the present time are familiar with all these matters, there are still a large number who are not. The latter class represents the company under a certificate of authority, signed by the officers, which gives the agent the power to bind insurance and sign policies prepared in blank and sent him. He also receives various forms commonly known as "riders" for endorsements under certain conditions. He knows practically nothing of insurance law and, as a rule, does not understand the conditions of the policy which he issues, nor the effect of the clauses he attaches to the policy.

The prepared riders often fail to meet the conditions as they arise, and under such circumstances the agent is ignorantly the cause of a very large part of the litigation and compromises which cost the public many millions of dollars each year. These compromises, besides being unjust, have an effect upon credits and are frequently most serious to merchants and manufacturers. Therefore the uneducated fire insurance agent is a dangerous element to the policy-holder. I have known cases in which local agents have advised the insured, where a partial loss occurred on merchandise, not to touch anything until the arrival of the adjuster; advice like that shows how little some local agents know about their business and confirms the suggestion that they should pass a rigid examination. As a general rule, the policy-holder looks upon the insurance agent as his confidential friend in the same manner in which a client looks upon his attorney, depending upon him fully to protect him under all circumstances and conditions in case of loss by fire.

The insured usually remarks to the agent, "Write me what insurance I ought to carry on my property," and then pays no further attention to it. He knows nothing about the contract in the policy and does not know whether in case there are two or more policies, they are concurrent; whether they contain the necessary riders to protect him or whether in case of loss his policy is valid, and the agent as a rule neglects to inform him regarding these matters. This is clearly altogether wrong. I contend that it is the duty of the agent to know that his patron is fully conversant with all the technicalities pertaining to the contract, and that he is informed as to the proper manner of protecting his property and what he must do to obtain a reduction of rates.

So long as no fire occurs, all goes well, but when it does the insured looks to his "friend," the agent, for advice and protection, expecting him to make an adjustment, believing his loss will be paid to him forthwith

without any action on his part, but right here is where the insured "wakes up," for a few days after the fire along comes a special agent or adjuster to settle the loss, and then in many cases the insured learns that he has no claim against the company for the reason that he has not complied with all the provisions of the policy. In many cases this state of affairs results in compromise settlement or litigation, probably the former. All this, I contend, is the fault of the local agent who has not performed his duties.

The present system may be the only feasible one from the insurance man's standpoint, but it seems to me there is another side to the question. The doctors told us years ago that consumption was incurable, but science has proven the fallacy of that statement, and I believe another system can be worked out in the insurance business which will be a great improvement over the present one. The way to reduce rates is to reduce losses, and the way to reduce losses is to interest the local agents to such an extent that they will see to it that all possible precautions are used and that careless and unreliable people are prevented from obtaining insurance.

Under the present system a man who has made a failure in every other business can secure an appointment to represent a fire insurance company, and his sole aim seems to be the amount of commission he can earn regardless of the hazard. Under such a system is there any wonder fire losses are heavy?

The management of the local business of a fire insurance company is not a business for the ne'er-do-well; it is work that calls for skillful and painstaking service, and the way to obtain such service is to appoint only honorable and trustworthy men, put them on a salary basis and make them representative of the company in the true sense of the word.

Under such an arrangement the agent can afford to spend sufficient time and energy to become thoroughly educated in insurance matters, and if he "makes good" he should be a permanent fixture in the company's organization. Under a salary system, if the companies can largely reduce the losses (which I believe is possible), they could well afford to treat their agents handsomely. With the educated agent as their representative the insurance business would be as carefully conducted as is the best regulated commercial business; and the net results, both to fire insurance companies and the public, would be far more satisfactory.

There seems to be an inclination on the part of insurance companies to get into closer relationship with their patrons, and I am inclined to think the local agents are largely responsible for this state of affairs. This is most commendable. In this connection the National Association of Credit Men can be of untold benefit to insurance companies and the public at large as a mediator, in assisting upon the establishment of such relations and in the education of the business men throughout the country. Any suggestions the companies or agents desire to make to the Credit Men's Association along this line will be gladly received.

A continuation of this movement will soon cause the public to understand fire insurance methods more fully. In this manner the companies and business men will come into such close relationship that controversies will practically cease, and by continual co-operation between the business men, insurance companies and the local agents, it will be only a short time before we shall see a vast reduction in fire losses. That there is room for improvement on this point there can be no doubt when we compare our losses with those in some parts of Europe and find we have nearly ten times more loss than they.



The question of a standard form of policy has been agitated for a number of years with the result that the New York form which was made up by a committee of the New York legislature, together with the National Board of Fire Underwriters, and adopted by the legislature of that state, became the standard form of New York and later of several other states. This form is recommended by the National Association of Credit Men as the best one now existing. While this form is a good one, I believe it can be largely improved upon. I am of the firm conviction that Congress should adopt a universal policy to be used throughout the United States. To this end the Credit Men's Association will gladly lend its aid. With the universal policy it will be much easier to educate business men to become familiar with insurance matters than it is at present, when nearly every state has a different contract.

The Insurance Committee of the Credit Men's Association has recommended the adoption of the New York form as the standard policy because it is the best form that has been brought to their attention. They have not had an opportunity to consider the Minnesota form, which is, I believe, an improvement over the New York form in several particulars:

First: It has the valued policy on buildings, which the New York form does not contain, and which, I think, is of the utmost importance on this class of property. Under this plan the amount of insurance carried on buildings is altogether in the hands of the agent. It is up to him to limit the amount, and he is thus compelled to make a close examination of the premises when the owner desires a large amount of insurance. This is where the agent's technical knowledge becomes valuable to his companies; consequently I cannot agree with F. P. Thomas when he states that the valued policy law ignores the fundamental principle of insurance, for, as before stated, the company is not obliged to write any more on a building than it desires, and if its agent over-values the same the company should suffer the consequences.

Second: In case of an appraisal, the manner of selecting the appraisers under the Minnesota form is distinctly preferable to the New York form. The former provides that each party shall select one out of three persons named by the other as its representative, and the two shall select a third, while the New York form provides the selection of any one each party may desire.

Third: In case the company desires to replace property destroyed notice must be given to owner within fifteen days under the Minnesota form, while the New York form provides for thirty days. In such cases, I think, the insured should know in the shortest possible time the decision of the companies.

Fourth: The New York form provides that a policy is void for any of the following reasons: if building is under repairs for a period exceeding fifteen days; if insured is not the sole owner; if the building insured be on leased ground; if personal property and a chattel mortgage is given; if foreclosure be commenced with knowledge of insured or notice of sale given. The Minnesota form makes no such provisions. In this connection I desire to say that making a policy void because a mortgage is given on personal property is a vicious clause and should never be permitted in any policy. The premium having been paid and it being necessary to prove the value in case of loss, the policy should be good, no matter who may be the owner or who may have a lien upon it. A man should have the right to use any property he has as security if he so desires.

Fifth: The Minnesota form carries a vacant building thirty days as against ten days in the New York form.



Sixth: The New York form provides that the policy is void in case a building falls unless the fall was caused by fire. The Minnesota form is silent on that point. Inasmuch as the policy is not collectible unless the property is destroyed or damaged by fire, in which case, no matter from what cause (arson by owner excepted) the policy should be collectible; therefore I contend that the fall of a building should never be the cause of avoiding the policy. While this clause in the New York form is extremely vicious, the courts have practically nullified it in their decisions.

Nothing changes the Minnesota policy except absolute transfer of title and other insurance without notice. My own idea of a policy is that it should be as plain and simple as possible and devoid of technicalities, so clear and unmistakable that "a way-faring man, though a fool, may not err therein." The vast majority of the insured simply want fair protection at a fair rate, while it would seem as if the average policy is drawn to meet the small percentage of fraudulent cases which would be almost entirely eliminated if the local agent were a properly equipped and efficient representative of the insurance company. Too often the adjuster approaches every loss with the idea that there is something fraudulent connected with it.

This is the era of co-operation; we have gotten away from the idea of jug-handled contracts; all business transactions to be satisfactory must be mutual. The business men's interests, the insurance companies' and the agents' are one. We consult our own interests best when we have due regard for the interests of others.

A company is not compelled to write insurance unless it desires it, and its agent being on the ground should fully acquaint himself with all particulars before taking on the risk. A local agent finds himself many times in a peculiar position. While he must be loyal to and fully represent his company, at the same time he represents the insured and is his local adviser, and he may sometimes find it hard to represent both parties as he should. But if he is honest with himself, he will find little difficulty in this particular.

It is largely the fault of the agent that while fire insurance is one of the most important commercial commodities in existence, less is known of it and fewer people understand it than almost anything of commercial importance. I will venture to say that 90 per cent. of the people who buy insurance never read a policy and never know its conditions, therefore there is but little wonder that people are disappointed when it comes to the settlement of a loss.

I have had considerable experience in the settlement of fire losses, and while I have found the companies inclined to do what is right in most cases, and I have known of many cases where, owing to technicalities, the company could avoid their liability in its entirety, I have seen them pay a fair proportion of the loss, and in many cases the full amount and waive the technicalities above mentioned.

In other cases I have seen companies take advantage of technicalities and avoid liability, but I am glad to state they are not among the leading companies of this country.

I am also inclined to believe that in many cases compromises and litigations are due to dishonest or ignorant adjusters. I have in mind one case in particular where three of the leading companies were interested in a loss and where all of the books and papers connected with the business were entirely destroyed, and there was nothing to show that a stock of merchandise ever existed, except the parol evidence of parties working in the store. The adjusters refused to treat with the insured

and absolutely refused a settlement on the ground that the insured had no books to show he ever had a stock. The matter was taken up immediately with the companies direct. They instructed their adjusters to make the settlement, which was done, and the full value paid.

I believe the local agents should adjust losses in their territory. They are more familiar with the facts and circumstances surrounding a loss and can obtain more information and determine whether or not the statement of loss is an honest one, much better than a stranger. In cases of fraud, the local agent should be most vigorous in prosecuting the law breakers. This is his duty, for it is the only way to protect the community and his companies. If the local agents were required to pass the examination before mentioned they would be as fully qualified to make adjustments and handle every phase of insurance matters as any special agent.

I desire to call your attention for a moment to the three-quarter clause which is placed in policies in some states and which I believe should be entirely eliminated. Every man should be entitled fully to protect his property by insurance if he so desires and is willing to pay the price. When a loss occurs he should obtain the full value and not be compelled to suffer part of the loss for which he has paid the premium.

In many cases where the three-quarter clause is attached the business man pays for what he does not receive. In the majority of cases he knows nothing about this fact and in case of loss, when he believes he is fully protected, he wakes up to find he must stand 25 per cent. of the loss himself. This is not right and no state should ever permit it. Instead of the three-quarter clause I believe it just and equitable to both company and insured to use the co-insurance clause and give the insured the benefit of the reduced rate. If a man desires the lower rate, he must carry the amount of insurance agreed upon. If he carries less, he takes a part of the risk and takes his own chances.

The business man should have all his insurance written by one agent, for by so doing his business is made sufficiently valuable for the agent to give to it his personal attention and see to it that his client is thoroughly protected in every particular, and I would like to see the time come when in cases where an agent has the entire business for a client he shall be held personally responsible for any loss by reason of the policies being improperly written.

I would also like to see the local agents refuse to write a policy on a stock of merchandise unless the owner takes an inventory at least once a year; this will cause the jobbers to refuse a merchant credit and will consequently compel him to take his annual inventory if he is to stay in business. This precaution on the part of the local agents will be of untold benefit when an adjustment is to be made and a great advantage to the business world.

It would be easy to talk at great length on the various circumstances that have arisen or may arise in connection with insurance matters and I realize that the thoughts I have given you are somewhat scattered and disjointed, but in conclusion I desire to emphasize the following:

First: More discrimination in both risks and rates.

Second: Change in methods of selection and compensation of local agents.

Third: Education of local agents to the end that they may fitly and fully represent the companies at all points.

Fourth: The universal policy which I think is very important.

Fifth: The willingness of the National Association of Credit Men to co-operate with fire insurance companies and local agents to the mutual interests of all concerned.

#### **Certain Banking Reforms.**

At the recent annual convention of the American Institute of Banking, held at Providence, R. I., the largest ever held by that organization, resolutions urging a system of more thorough examination of National banks were passed. In this move the members of the National Association of Credit Men cannot but be interested. It is well understood that bank examinations have been for the most part perfunctory and superficial. Some of the states, notably Ohio and New York, have realized this and taken steps to correct the conditions as they relate to state banking institutions. While the National Association has never taken formal action in this subject, the Cleveland Association of Credit Men took an active share in securing the passage of the Thomas Bank Inspection Bill in its state. The following are the resolutions of the Institute as adopted:

*Whereas*, It has long been apparent to bankers that the present system of national bank examinations is faulty, tending to produce superficial bank examinations, and

*Whereas*, The banking business is based upon the confidence the people generally have in banking institutions, and the present method of examinations weakens this confidence, and

*Whereas*, We, as bank men and members of the A. I. B. are, and should be, the most deeply interested in seeing corrected any method that reflects upon the business of banking, Therefore, be it

*Resolved*, That the American Institute of Banking favors the following amendments to the national bank act:

1. The payment of fees to bank examiners in compensation for examination of National banks shall be abolished, and in lieu thereof the payment of salaries, commensurate with the abilities required of said examiners, and the duties they are called upon to perform.

2. The number of National bank examiners shall be increased to such an extent as may be necessary to assure a thorough and competent examination of every National bank twice a year.

3. No person shall be appointed a National bank examiner until he has passed a thorough and rigid examination, establishing his competency to perform the duties required of such office.

4. After an examiner has been appointed, he shall not be removed from office except for cause, and be it further

*Resolved*, That the recorder of the Associated Chapters be instructed to forward a copy of this resolution to the Secretary of the Treasury, the Comptroller of the Currency and the National Monetary Commission at Washington, D. C.

Several important recommendations have also been made by the Comptroller of the Currency looking to the reform of our system of banking. That official has brought to the attention of the National Monetary Commission, created under the Aldrich-Vreeland law, the necessity for compulsory publication of the liabilities of officers and directors of National banks to their own institutions. While the Comptroller has this information, under the present system, he has the option of publishing it or not as he sees fit, and the result has been that the public has not been enlightened. This he now proposes to change and asks the Commission to support such an amendment.

The Comptroller also recommends that officers of a National bank

seeking loans must apply in writing to the bank's directors and a majority of the latter must approve each application, and again it is recommended to the Commission that an amendment be offered to prohibit corporations from owning stock in National banks, except such as may be required in satisfaction of debt, the object of this suggestion being to put a check to trust company control.

Again the Comptroller recommends that a limit be placed as to the amount of commercial paper of single or allied interests which a bank may invest in, the theory being that failures have too frequently occurred because the assets of banks have been concentrated in few enterprises and this he wants to make impossible. As far as these suggestion go all will agree they are most satisfactory.

### THE BANK CREDIT MAN.

#### The Facilities of His Department, the Duties Devolving upon Him, and the Qualifications Required of Him.

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Strangely enough the bank credit man is very new as compared with the age of the banking business, having been evolved in this country during the past fifteen or twenty years. The first to be developed along this line was the commercial credit man, or so-called trade specialist, whose work is to care for property invested in some *particular* line of business. His position has long been well established, owing to his ability to save his principals many times his cost, and his success has, to a considerable extent, paved the way for the bank credit man, whose work necessarily covers a much wider range.

The old way of handling bank credits was to allow one or two officers of the bank to carry in *their heads* most of the important information concerning the institution's customers, and when, for any reason, they were removed, the bank's executive force was, temporarily at least, seriously weakened. It may be said that even yet banking institutions, as a whole, have not recognized the importance of having regularly organized credit departments to the same extent that commercial institutions have. Latterly, however, most of the larger banking concerns in the principal cities of this country have awakened to the necessity of employing men capable of establishing thorough credit systems to safeguard their interests. This is undoubtedly one of the most important developments of modern banking, and as the improvement is going forward in all sections it cannot be long before the thoroughly equipped credit department will be regarded as essential to the best interests of every well-managed bank.

In this connection, I consider it of interest to quote the following from "Credit and Its Uses," by Wm. A. Prendergast, who was formerly secretary of this Association.

He says on page 121 of his work: "Not many years ago there were comparatively few banks possessing a credit department; to-day there are more, but there is still an unexplainable absence of this systematic method of treating credit transactions. Attempts are made to answer this criticism by saying that a credit department is unnecessary, for the reason that the duties appertaining to it in a commercial establishment are discharged by certain officers or employees of a bank in connection with their other work; consequently no necessity exists for an elaborate equipment or system covering the relations of a bank with its borrowers,



and a complete tabulation of the standing, antecedents, and responsibility of such borrowers. The real objection of banks to a credit department heretofore, and to some extent even in this day, may be found in the fact that it has always been customary for banking officials to possess great power, in fact an arbitrary power, in the matter of loans and other banking business. All important questions are supposed to be passed upon by boards of directors, but it is well known that in many institutions, both in large centers and in rural communities, the *ipse dixit* of the president or cashier (whichever may be the dominant official of the bank) has been the determining voice in most important matters. These officials, therefore, have not only been possessed of the power to which reference is made, but they have carried within their own minds the data in regard to loans and the general relations of the customers with the bank. The possession of this information has made them even more powerful than they otherwise would have been, and made their continued association with the bank in some cases imperative."

I take it that there is no fair-minded person who will seriously dispute the correctness of this view and the fact that this narrow and selfish attitude upon the part of many bank officials is gradually passing is a matter for congratulation for the entire business community, for the change means safer banking. The judgment of several is nearly always better and safer than that of one and to give to a single individual complete control of an institution of such great importance to the general public as a bank is rarely, if ever, good policy.

The principal business of the credit department is to accumulate information about borrowers and to have it so systematically arranged that it can be brought into instant use. It keeps in touch with all that is done in the discount department and where an application for a loan is made it is always passed upon by the credit man before being granted; for aside from such considerations as the state of the bank's funds and the claim of the applicant to accommodation from the standpoint of the value of his account, preference usually being given to regular customers, comes the question of credit merit which is by far the most important of all.

The special machinery of an ordinary bank credit department usually consists of a good-sized cabinet, one capable of holding a large number of envelopes or folders, and a large card tray. All of the papers pertaining to one person or firm, such as statements, letters, mercantile agency reports, special reports prepared by the manager of the department or his assistants, etc., are placed in a folder, the name is written on the outside and the folder filed in its proper place, usually under alphabetical arrangement. The names are also written on cards which are filed in the card tray; this duplicates the folder and is valuable in case a folder gets lost or misplaced, as it shows that such a report exists somewhere. Furthermore, in case a report contains information on more than one person or firm, their names can be placed upon extra cards which refer to the original report and, when filed, the cards furnish a complete index of all the information at hand.

The following outline will serve to give an idea of the duties of a bank credit man. A customer of the bank applies for a loan. If his first request, he is asked to submit a statement of his financial condition and is turned over to the credit man, who goes over his affairs with him carefully, taking down in writing on blanks especially prepared for the purpose all the facts and figures the borrower chooses to give, or, by skillful questioning he can be induced to give. The interview is terminated by the borrower signing the statement which, when properly filled



out, should contain full information as to the borrower's assets and liabilities and all other information necessary to give a creditor full knowledge of the risk he is taking. He is then requested to return in a day or two, or possibly the same day, and receive an answer. The credit man, who is entirely foot-loose, having no clerical duties and no fixed hours, except by special appointment, then begins his outside investigation, or real work. Every case has its special features, and no two investigations are ever carried on exactly alike, but ordinarily the general information to be obtained is as to the man's age and whether married or single; what has been his business history (has he had fires or failures), his experience and ability, habits and moral standing, reputation for honesty and integrity, and the experience of houses with which he deals, as to the manner in which he pays his bills. While investigation as to these points is going on, his statement is also being corroborated and analyzed.

This is of the utmost importance as, apart from the necessity for segregating the quick assets, which sustain the business, from the slow or unproductive assets, which often comprise a large part of a firm's belongings, there are very few statements submitted that are so conservative as to require no allowance for shrinkage, and occasionally one will be received that is almost entirely misrepresentation. In most cases, however, a statement will give the credit man a good idea of the borrower's financial condition *as he sees himself*, and a great deal of information is also conveyed as to the borrower's ability and fairness by the way he makes his statement. A customer who requests accommodation without any specified security and declines outright to submit any kind of a statement is, as a rule, unworthy of credit.

A sound bank must always be in position to meet its own obligations promptly and, in order to do this, it must assure itself that the credit which it extends to customers is based upon resources of the most substantial nature.

Generally speaking, therefore, the importance of a properly prepared statement as an aid in determining a customer's line of credit cannot be overestimated and the matter of obtaining statements from borrowers is not only the bank's privilege but it's imperative duty.

If a merchant, the credit man is apt to call at the borrower's store and inspect his stock with a view to obtaining a first-hand idea as to the amount and condition of same. The amount of his sales and expenses, such as rent, cost of living, etc., is investigated and the location of his store with respect to future trade getting is taken into consideration. His real estate is looked up on the public records, his title to same investigated and an appraisal made. In short, the important points to be settled are, as to his moral standing, the extent of his means and his income or earning capacity. Enough information must be obtained at once to justify the credit man in either recommending or refusing the loan. In either case, all of the data obtained is later embodied in a carefully written report which is placed on file in the credit department for future reference.

Going back to the beginning of the investigation stage—the information as to the man's age is necessary in order to best judge his activity and experience. A young man is apt to have an abundance of energy, but usually lacks judgment, which only years of experience can bring, while an elderly man may have had a great deal of experience, but be lacking in activity and up-to-date methods, due to his advanced years. The wide-awake man of middle age, who "has a future," is generally considered the most desirable customer. If married, a man

is apt to be more steady in his business pursuits than if unmarried, owing to his family connections and his inability to shift about easily.

The investigation of a customer's business history is very important; what has been his training, the cause of past failures and the likelihood that he will profit by same. Or, if successful and inclined to be aggressive, the question is—is he apt to hold himself level, so to speak, and keep his affairs well in hand, or to overreach and become spread out later on? All of these points have to be considered and the information gained in the various lines mentioned goes to make up the sum total of the good and the bad that decides for the desirability or undesirability of the risk.

In the list of ordinary weak spots there is no one thing that will run a firm behind more quickly than bad management and, therefore, a man's ability to handle his affairs to advantage is one of the cardinal points to be considered. Along with this goes his habits with respect to indulging in intoxicating liquors, or anything that is apt to divert his attention from his business, and from *honesty of intentions*.

We all know that some rich or well-to-do people are slow and unsatisfactory in meeting their obligations, and that while the character of a man may not have much to do with his ability to pay, it has everything to do with his willingness to pay. It is practically certain that a rascal cannot be beaten at his own game, and no bank customer with any appreciable degree of dishonesty in his makeup can be recommended as a desirable credit risk, for sooner or later he will get the best of the bank.

In my opinion, therefore, no customer that is known to have ever been a defaulter, or to have misrepresented wilfully, or who makes a practice of taking advantage of pure technicalities should be recommended for unsecured credit. Such a customer is never satisfactory. Of course, there are a great many such that have to be dealt with more or less in ordinary business affairs, but when this is necessary, the next best thing to being rid of the account is to have full information with respect to its weak points, so that the bank will be enabled to take every precaution possible in handling it.

Aside from the time it takes, it is usually an easy matter to ascertain how promptly a customer meets his bills by calling upon the trade specialists with whom he deals, and this is also an important point to be considered, as a customer who is slow and unbusinesslike in his methods, however honest, is apt to get into trouble and, consequently is not very desirable as a bank risk.

In most banks that have modern credit systems, the credit man usually reports the result of his investigations to a loan committee, which is made up of several officers and directors, who officially pass upon the important loans, and the customer is promptly accommodated or refused upon calling at the time stated.

It will be seen, I think, that the effect of this general credit system will be not only to protect the bank's interests and allow it to place its resources liberally at the command of the deserving element of the business community, but the system has an uplifting influence as well—a tendency to educate and improve the methods of those who rely upon banks for accommodation and to raise the general standard of credit transactions.

The work indicated in the foregoing outline, however, is only a part of the duties of the credit man. Having once made a loan, he must constantly watch it and see that it keeps good, for the good loan may become bad owing to subsequent changes due to the ever-shifting conditions of the business world, or to changes in the borrower's character or ability.

The credit man then should always have before him a list of all the borrowers, as well as a list containing the names of practically every depositor, any one of whom may desire to become a borrower at any time. The notes of the borrowers are all gone over once every week, and such as need attention are put upon the credit man's list for late investigation. The files of the credit department are thus kept up to date on all borrowers and eventually they contain a report on nearly every depositor of the bank. The reports on a depositor do not need to be so extensive, but are what the credit man regards as a fundamental or primary report, giving, for instance, his business address, his line of business, personal standing, business reputation or reference, and some idea of his means. With such information at hand it does not take long for the credit man to make sufficient investigation to bring the report up to date in case a depositor desires to become a borrower as well.

In this connection the reports of mercantile agencies are very helpful to the credit man as they form a sort of working basis for further investigation, in many instances being of the nature of a fundamental report. Owing to the necessity of the agencies making their reports brief and general in character, however, they cannot be utilized by banks to the same extent that jobbers in merchandise use them, for the reason that the element of risk in bank credits is greater and the investigation must necessarily be more thorough.

To the credit man's desk are also brought the inquiring letters from other banks or firms in other cities, all of which are answered to the best of his ability. In case he is not posted on the party inquired for, instead of simply replying to that effect, he generally makes official investigation, and, owing to the fact that a copy of the communication is always kept for his own files, his work is not lost, so far as his own institution is concerned.

It is also his duty to assemble from the president, cashier and other officers and employees, directors and stockholders of the institution, all the information they possess regarding the customers of the bank and place the same on record. This, strange to relate, is no mean task, for while the amount of valuable information which the officers and employees of a bank have with respect to the various customers is sometimes surprising, it frequently takes a good deal of work to get it out of them and placed on record where it will be of service at the proper time. This is partially due to the fact that their minds are usually busy with routine matters of other departments, but more particularly is it due to a lack of training for credit department work. Many have within their possession information which would at certain times be of the greatest assistance, but are unable to weigh it properly and realize its importance, and some, alas, are found who are so lacking in "credit instinct" that it is actually hard work for them properly to convey information to another when they happen to come upon it.

It is possible to develop the necessary qualifications for credit work in various ways, but in order to be fairly successful, the bank credit man should have from the start a pretty thorough knowledge of the general principles of trade, with especial reference to banking. This knowledge is not obtained in a short space of time, but is acquired by degrees, usually being garnered from experiences that run the gauntlet of bookkeeping, collecting or mercantile agency reporting, all of which work furnishes excellent training along general lines. At the same time he must have some natural detective ability and understand the ways of rogues, for he meets them in his business every day. He must know how to question a man when he is making a statement in order to get the whole truth if

possible instead of half of it, as half the truth is often as misleading as a falsehood. He must have the necessary experience in handling men to be able to weigh what they tell him and determine to what extent their information is based on truth or prejudice. In his search for actual facts he finds it necessary at times to employ the old principle embodied in the saying that "it takes one thief to catch another" and play one man or clique against another in order to get to the bottom of things. He is obliged to work out the problems that come before him in his own way. He can have no instructions, for if such were necessary he would fall far short of being a capable credit man—one who must know his business better than anyone else about him. On this point Mr. Prendergast states on page 124 of "Credit and Its Uses":

"The best credit man is the practical man, the man of sufficient general knowledge to be able quickly to appreciate the cogency of any statement or situation that may be presented to him; a man of executive capacity; a man who understands the necessity of and does not shrink from hard work; a man with sympathy for his fellow beings, but not of so impressionable a nature as to permit his sympathies unduly to influence his reason."

If the person in charge of a credit department is content to be a mediocre clerk, or worse, if he is content to be a mere go-between, who runs at the beck and call of some officer of the bank doing the "promotion work" for pet schemes or, possibly "winking" at transactions born of unsafe methods, in fear and trembling, he is unworthy the name of credit man in the real meaning of that term. There are very likely some institutions that have such men in their employ, but no safe or honorable banking concern will harbor such an assistant, and there is, therefore, no need of giving him any consideration in this connection.

The real credit man for a bank is he who is, in a broad sense, in the employ of all the interests of the institution, depositors as well as stockholders and directors. In fact, a disinterested credit man may be the depositors' best friend; having no "axe to grind" he is not likely to take any chances in recommending "policy loans," or loans for speculative purposes which so often turn out to the disadvantage of the depositors; furthermore the recommendations of a capable credit man are, as a rule, given such serious consideration by the other officers and directors of the institution that he forms an effective check upon any tendency that any of them may have to unsound methods.

The newspapers have stated recently that certain depositors in New York City have employed detectives to investigate the characters and business methods of the officers and directors of the banks where they do business, and there seems to be a growing sentiment that the public has been too lax heretofore in this respect. Is there any good reason why a depositor, especially one who is *not a borrower*, should not be fully informed as to the strength of the bank he deals with and the standing and reliability of its officers? I believe not. If this is a fair view of the case and the depositors of an institution desire to be more directly interested, the thought comes to me that some day it may be possible they will have the credit man as their special representative, and pay him in whole, or in part, for his services. This could be done in the following manner: Suppose a bank has deposits to the extent of three millions of dollars and the services of a capable credit man for that bank can be had for \$3,000 per annum, each depositor, assessed on his average balance, would be obliged to pay 1-10 of 1 per cent. to support the credit man. If a depositor had an average balance of \$500 for the year it would cost him 50 cents; \$1,000, one dollar; \$10,000, ten dollars; \$100,000, one



hundred dollars, and so on. This would not be a burdensome tax for the average depositor, and the results in comparison with the cost, would undoubtedly be entirely satisfactory. Each depositor's average balance could be taken at the end of every month and his account charged with the amount necessary. So far as I know, this plan has never been tried, and there may be certain reasons why it is not feasible for the majority of banks under present conditions, but the time is undoubtedly near at hand when the depositor will insist upon some kind of representation that will tend to better safeguard his interests.

In the state of Oklahoma, the law requires that 1 per cent. of the average daily deposits of the banks be placed in the hands of the state, and this requirement is to be maintained as the bank's business expands. New banks which are organized later must put up 3 per cent. of their capital stock to constitute a credit fund in the custody of the state. In case of a failure, the state is obliged to make good to the depositors, using the assets of the bank so far as they will go, and making up the balance out of the credit or guarantee fund.

This is a new idea and may work out to good advantage, although to some it would appear that the young state of Oklahoma is taking on considerable responsibility in the way of indirectly going into the banking business. The system above outlined would also seem to weaken the responsibility of individual institutions in that, to a certain extent, the weak or poorly managed concerns which fail are enabled to pay out at the expense of the sound banks which are obliged to contribute whether they desire to do so or not. This may tend to cause a general system of laxity, for the reason that no bank need fear any strong criticism, even though it fail, as all of the other banks contribute to a fund which, under the supervision of the state, guarantees that it will pay out in full. An old and conservative institution would be virtually placed upon the same level as an institution managed by speculators or officials who are incompetent or dishonest, and the merit that is now based upon conservatism and ability in management would be lacking. However this may be, the guaranteeing of deposits by the government will not guard against dishonest or incompetent borrowers, who would make way with funds that belong to the stockholders, if to no one else, and the element of risk in making bank loans cannot be eliminated in that way, except perhaps to a certain extent, *indirectly*, by the passage of such laws as will require more caution upon the part of bank officials.

Every loan made, however carefully, carries with it a certain amount of risk, and it is unquestionably the duty of the government to pass all necessary laws to protect the banking business. All the assistance that may be realized in this manner, however, will be more than off-set by the perverseness of human nature and there is no doubt but that properly equipped credit departments in banks in this country will always have plenty of work to do.

In carrying on this important work, the credit man should be not only high minded, but broad minded as well. He should not submit to an arrangement whereby he is expected to work for one man, or even a half dozen men, but rather should he cause his services to promote directly the interests of hundreds or thousands of men, including every depositor. He should strive to be a capable worker who does the bidding of no officer or clique, but one who operates independently in a department of which he is the head, making up his reports on the real merits of the cases that come before him without fear or favor from anyone. In pursuing this policy, he is certain to make some enemies, even in his own institution, for at times there are bound to be pet schemes of certain

officers, or directors, or stockholders, upon which he will be obliged to report adversely and, in so doing, offend them. This makes no difference with the true credit man. He must be possessed of such power of character that he can, if necessary, stand to be ostracized by those who are against him, returning just as good as they send, and with the strength of right on his side, in the end he is sure to win their respect, if not their friendship. This is the only sound or logical basis he can stand upon, for no man who countenances questionable methods on the part of others can well be a real bank credit man. His position when properly filled, is one of hard work and great responsibility; his rewards are a good salary and the satisfaction he finds in being independent—doing right according to the dictates of his own conscience.

A capable man, working on the basis here outlined, can bring the credit department of a bank to such perfection that it represents the most vital force the institution possesses, protecting its highest interests, safe-guarding and conserving its capital and good will for depositors and stockholders alike.

### SHALL BANK DEPOSITS BE MADE A JOINT LIABILITY?

BY GEORGE E. ROBERTS, PRESIDENT OF THE COMMERCIAL NATIONAL BANK OF CHICAGO.

The Hon. George E. Roberts, who made a profound impression at the Denver Convention of the National Association by his masterly address on the "Currency Question," has given his views on the deposit guarantee question in that clear and interesting style which characterizes his utterances. Mr. Roberts says:

"The proposal to require the banks of the country to guarantee each other's deposits owes its present strength to the financial disturbance of last fall. It is urged as a means of preventing panics, and there is no disagreement about the desirability of accomplishing that purpose. Most of us agree that a repetition of the conditions which existed last fall should be made impossible, but this is by no means the only way to do it, or the best way.

"For years the advocates of comprehensive currency reform have pointed out that with \$14,000,000,000 of bank deposits in the country and only about \$3,000,000,000 of money all told in the country, both in the banks and out, there should be some method provided by which, on the basis of good assets, the supply of lawful currency could be readily increased to meet exceptional demands, whether such demands were due to seasons of unusual business activity or to alarm among depositors. Their foresight and arguments did not avail, but they are hardly to be swept off their feet now by impatient zeal for this new, and, as they regard it, ill-considered scheme. They stand for a complete and scientific treatment of the subject.

"The guaranty of deposits is a crude and imperfect remedy at best. It does not recognize or attempt to cure the defects in our banking and currency systems, but aims only at persuading depositors not to draw their deposits. The losses to depositors by the failure of national banks has become an insignificant percentage, and is growing less every year, as a result of natural, evolutionary progress in banking. The standards are being constantly raised, and the efficiency of official inspection and supervision constantly improved. The true line of development is not by any revolutionary policy, but by holding individual bankers to yet stricter account, and at the same time enabling every properly conducted bank to obtain readily a supply of currency to meet all demands upon it.

"The fundamental weakness in our currency system is in the fact that it is not readily responsive to the needs of the country. The legitimate demand for money varies from year to year, and from season to season, in the same year. It is a familiar fact that there is a great deal more business to be handled from September 1st to December 31st each year than in any other four months of the year, but there is no more money in the country unless gold is imported for the purpose.

"Look at the elements in our monetary stock: We have \$346,000,000 of United States notes, never more or less; \$568,000,000 of silver dollars and certificates, never more or less; approximately \$700,000,000 of national bank notes, the volume depending upon the price of government bonds rather than upon the demand for money; and, finally, about \$1,500,000,000 of gold, which is the most responsive element in our monetary stock. Gold can be imported to satisfy a persistent demand, as was done last fall, but it takes time, involves considerable cost, and a great deal of mischief may be done before importations are available, as was evident last fall. It does not ordinarily pay individuals to import gold to meet a temporary demand. The stock of money in the country adapts itself to the ordinary conditions. Individuals will not carry money idle for eight months in the year in order to employ it during the other four months. The result of these conditions is that we always have a tight money market in the fall of the year. Interest rates are high, accommodations are curtailed, bank reserves are encroached upon, and the banking system is not infrequently placed under dangerous strain to tide the country over these months. At best the system is crude and costly. Money is not available to finance our crops to the best advantage, and producers suffer in consequence. Our currency system is less flexible and responsive than that of any other country.

"The perils and losses incident to this system have been pointed out for years, but without avail, until last fall the strain reached the breaking point. It had been nearly to that point in each fall of the two preceding years, but the advocates of guaranteed deposits offered no warning and proposed no remedy. They did not wake up until the evils of an actual panic were before them, and their remedy is directed only to the evils of actual panic. The guaranty of deposits will not give to our currency system the flexibility it lacks, and the lack of which precipitates panics and renders the banks helpless in the face of a panic. It will not satisfy the legitimate demand for more currency which arises in the country every fall. It will not relieve the producers and business interests of the country from the sacrifices which our present inadequate system force upon them every fall. In fact it does not come into play at all, except as a remedy for actual panic, which is the last sign of the conditions requiring treatment. It does not even guarantee a prompt payment of the deposits, but only that they will ultimately be paid. As a matter of fact, of all the banks which failed in New York City in the fall of 1907, every one has since either resumed business or demonstrated its ability to pay depositors in full, showing that in practical results the present system yields about all that is promised by the guaranty of deposits.

"As a remedial measure the guaranty of bank deposits is therefore inadequate. But it is worse than inadequate, for it proposes to overturn the principle of individual responsibility by means of which the banking business has been raised to its present high standards, and upon which all individual and social progress is based.

"The proposal contemplates that the public shall be relieved entirely from the exercise of judgment and discrimination in the choice of banks,

and while it is highly desirable that all banks shall be made safe, to the end that even the most ignorant and confiding may be protected, it is still true that an alert public opinion has great influence in maintaining proper banking standards. We cannot afford to do without that influence.

"Under present conditions the investments, the personal habits, the general character and abilities of the banker are under the constant scrutiny of the community, and a matter of public interest. Notwithstanding occasional instances in which the public has been deceived, it may be stated as a general proposition that an unblemished character and a reputation for good business ability and conservative judgment have been necessary to success in the banking business. The public looks over the individual who is to receive, and invest and be responsible for its money with some discrimination, and the elimination of the unfit by the scrutiny and composite judgment of the community is a factor of the highest value in maintaining the standards of the banking business. It is, however, a factor entirely overlooked by the advocates of this scheme.

"They calculate the insignificant percentage of loss to total deposits under present conditions, and assume that no greater losses would occur after character ceased to be a factor in the business, and all deposits were given blindly to anyone who would bid highest for them. To the objection that this elimination of character as a factor in the acquisition of deposits must tend to promote reckless banking, reply is made that bankers will be deterred from recklessness by fear of losing their own money. The reply misses the point. All men are not deterred from recklessness by fear of losing their own money, but reckless men are now, as a rule, kept out of the banking business by the unwillingness of the public to entrust money to their care.

"Under present conditions there are compensations in favor of careful and conservative banking. There are people who are not influenced in their selection of a bank by the highest rate of interest offered on deposits, and who have their suspicions aroused by the tender of exceptional inducements. They know that such offers put a strain upon the business, and they deliberately prefer to place their money with a banker who will not subject himself to such strain. These depositors esteem safety above all other considerations, and they are numerous enough to exercise a very wholesome restraint upon reckless tendencies in the business. A banker now prizes the reputation of doing a safe business, and cannot afford to have a reputation for imprudence and speculative inclinations. And yet, although held in check by these powerful considerations, the pressure of competition carries the business near the danger line even now. There is too much competition for deposits, and the ambitions of the more venturesome members of the fraternity, and the pace they set, puts the whole system under strain.

"But what are likely to be the conditions in the business when the public is no longer concerned about the management of a bank, and all the rewards for conservatism and restraints upon recklessness are removed? The considerations which in the past have tended to safeguard the business and advance its standards would be gone. The public would care nothing for the personality of the banker. Instead of looking to the institution which received the deposits the depositor would rely on an outside fund. A banker might bet all the deposits on horse races without that fact becoming a matter of any concern to his customers.

"And how would the conservative, prudent banker fare under these conditions? The legitimate reward for maintaining that character would be lost to him. He would get no deposits unless he bid as high for them



as his rivals, for the government would stand behind the latter, and assure the public that they were just as safe as he, and tax him to make them so. In short the reckless and incompetent people, who are now either excluded from the banking business, or held in check by the distrust which a discriminating public feels towards them, would make the pace to which everybody else in the banking business would be obliged to conform or get out of the business.

"The hardest competitor in any line of business is the incompetent or dishonest man who does anything to get business. Such people get into the banking business even now, but their number and influence for mischief would be greatly increased if they were backed up by unlimited credit. In other lines there may be some question as to the quality of goods or service offered by rivals, but all bankers deal in the same kind of money, and if deposits were made a joint liability, there is no reason why they should not go to the bankers who offer the greatest inducements to attract them. The careful banker would have no off-set or protection against demoralizing competition, and he would be placed in the strange position of being liable for his competitor's obligations.

"All efforts to make it appear that the interests of bankers are on one side of this question, and the interests of depositors on the other are untrue to the facts. Nothing that in the long run is harmful to the banking business, that puts it under strain and tends to lower its standards, can be beneficial to depositors or the public. It cannot be advantageous to the community to have its savings and working capital pass into the hands of the venturesome class of bankers who will bid most for them. The actual waste and loss through unwise investments would inevitably increase. It would fall at first on the conservative bankers and penalize them. Instead of an elimination of the unfit, which is the true process of evolution, the tendency would be to an elimination of the best. Eventually the burden of increasing waste would have to be borne by all depositors and the whole community.

"The fact that the first bank failure in Oklahoma after the law went into effect, was followed by immediate reimbursement of the depositors, proves nothing as to the practicability of the system in the long run. The fact that the State banks of Oklahoma have gained deposits since the system went into operation, while National banks within that state have lost, if true, proves nothing as to the merits of the system. The law itself requires that all public deposits must be kept in banks that belong to the system, and this provision alone would cause a considerable transfer of deposits and influence some banks to join the system. The real test of the policy will come in its influence upon the banking business in the long run. Will it tend to secure more careful and prudent investment of the vast sums which the people of the country keep in banks, or will it tend to weaken the personal responsibility for these funds and divert them into incapable and wasteful hands. It is a superficial view which lays all emphasis upon the immediate results of the law and gives no consideration to its violation of fundamental principles and the consequences which must follow.

"It is said that the system will make every banker a policeman to watch the other bankers. This is a purely theoretical supervision. One banker can have no actual knowledge of the investments of another and no authority over him. He may distrust his methods but he cannot regulate them, and would have no cause of action until serious mischief had actually developed. The most reasonable advocates of the policy admit that it must be accompanied by more effective supervision than is now provided, but no plan for such supervision has been worked out.

The political advocates of the policy purpose to rush it through without this safeguard. No dependence can be placed in vague promises that they will be provided later, and no supervision that is not controlled by the bankers themselves can ever justify making deposits a joint liability. It is manifestly unjust to place responsibility unaccompanied by authority. The only way this subject can be dealt with comprehensively and effectively is by having the bankers of the country form and control a Central organization which shall have authority over the individual banks. If this Central organization was given a paid-up capital, and the power of note issue, together with the authority of supervision, this question of whether deposits should be guaranteed or not would become unimportant, for losses to depositors would become practically unknown. The Central organization would maintain an effective supervision, and have power by means of its note issues to tide over and relieve any bank under pressure and meet any emergency that might arise. This Central organization would cure the fundamental defect in our currency system by adapting the supply of currency to the legitimate and varying needs of the country from time to time. Finally, its influence upon the banking business, instead of being to relieve individuals of responsibility, and to direct the deposits into the hands of the most incapable and unworthy, would be to fix responsibility more closely, and to eliminate the incapable and unworthy from the business. This is the true line of effort. This is the natural and desirable evolution in the banking business, raising it to higher standards, eliminating speculation and waste, and assuring prudent and capable management for the vast sums which constitute the savings and working capital of the American people."

### Two Long Successfully Conducted Pursuits.

George Davis, who is alleged to have fleeced merchants of Los Angeles and Santa Anna, California, out of about \$5,000 in merchandise, and for whose arrest the Los Angeles Credit Men's Association had offered a reward of \$250, was, on August 13th, finally found by an agent of the Pinkerton's at Cincinnati, Ohio. The news first came to the National office in the form of a telegram from Los Angeles, asking that the influence of the members of associations in Ohio be exerted to secure extradition papers from the Governor.

It appears that Davis first appeared in Santa Anna during this year. He came with four large trunks, rented the finest suite of rooms he could find and posed as a capitalist. After he had been in Santa Anna a few weeks he requested a number of business men to sign letters as to his financial standing. With these, it is said, he secured a favorable commercial report from a mercantile agency. Then he went to jobbers in Los Angeles and purchased his stock on credit and for three months carried on his business without paying a dollar in cash, receiving goods to the value, it is said, of \$5,000 approximately and selling them at prices below the regular retail prices. At the end of that time he suddenly disappeared.

Then began the chase from one city to another, from each of which he got away in time to escape detection. Cincinnati was particularly urged to watch out for a man of Davis' description because he had formerly lived there. Arriving at his Cincinnati hotel, Davis, of course, was registered under another name, but the detectives learned enough to know they had the man they were after and he was arrested.

Upon being searched Davis was found to have in his possession \$3,230 in large bills and gold. Los Angeles was at once notified and a

state agent came on immediately to take Davis back to the scene of his crime.

\* \* \* \* \*

A case which shows how lax manufacturers often are in granting credit without thorough investigation to people claiming to be dealers, has just been brought to a consummation through the indictment and conviction of a man whose real name is Martin J. Muinch, and who under various aliases put in stocks of goods at Norborne, Braymer and Cowgill, Mo., Louisburg, Kan., Sweet Springs, Mo., and Valley Falls, Kan. It appears that the father of Muinch was a reputable man who was in good credit, on which reputation the son, to some extent, traded. At different times written statements were made to the Furniture Commercial Agency, the Red Book, concerning the resources of Muinch and his standing. These statements formed an important link in the successful prosecution of Muinch, which was carried to a conclusion in co-operation with the Furniture Commercial Agency by the Adjustment Bureau of the St. Louis Credit Men's Association. Muinch had asked for credit at different times under the name of John Martin, Jake Muinch, which latter name was the name of the father, who was originally engaged in the furniture business, John Wilson and John Miller. The criminal career of the man has extended over a considerable period, but he bought goods under false pretenses during the past fifteen months for stores which he established at Cowgill, Kan., Louisville, Kan., Sweet Springs, Mo., and Valley Falls, Kan.

Under the name of John Martin, Muinch bought a bill of goods of Holtgrewe-Vornbrock Furniture Company at St. Louis, who shipped the bill of goods to Louisburg, Kan. The claim of the firm named amounted to but \$69.25, but the St. Louis manufacturers named were so convinced that Muinch or Martin was engaged in swindling operations that they determined to use every effort to put the man behind the prison bars. Their claim was placed in the hands of the Adjustment Bureau of the St. Louis Credit Men's Association, with which the Holtgrewe-Vornbrock Furniture Company is affiliated, with an added sum of money to push the case to a conclusion. The credit for the final apprehension and conviction of this fellow therefore belongs to the Holtgrewe-Vornbrock Furniture Company, which had the courage to undertake to put an end to his operations, even though it cost them in excess of their claim. If there were other manufacturers who would pursue the same course there would be fewer of these cases, and fewer losses from sales of this sort.

When the claim was placed in the hands of the Adjustment Bureau, Muinch or Martin, had left Louisburg and shipped such goods as he had left to Kansas City, and was preparing to open a store at Sweet Springs, Mo., as Jake Muinch. When the trail of the man was finally secured Muinch had already left Sweet Springs. Mr. Richmond, of the Adjustment Bureau, personally visited Sweet Springs and gathered enough information to justify the employment of detectives. Mrs. Muinch was located in Kansas City and the indications were that Muinch was about to open a rooming house in Excelsior Springs with some of the furniture he had purchased ostensibly for a retail stock. It later developed that he was opening up at Valley Falls, Kan., where he was located and arrested. He was taken to Paola and jailed, and after a confession sentenced to Leavenworth prison for an indeterminate sentence of from one to five years. Muinch told about his operations freely, and turned over the furniture, which was found in a brick cottage in Kansas City at 1412 Jefferson Street and at 408 West Seventeenth Street.

At each point where Muinch did business his methods were practically the same. A store was opened and goods sold at any price, very often to the utter demoralization of the business of other merchants doing business at that place. The money was pocketed and before the bills matured arrangements were made to open at another point to which the unsold stock was shipped, although in the last case part of the goods were put in a rooming house and a vacant house in Kansas City. The goods located in these two places had had the labels and marks of identifications removed. These goods were later sold for the benefit of the creditors.

It is believed that when Muinch operated at Valley Falls, Kan., and probably Sweet Springs, he had a confederate, the confederate being a relative of Muinch's wife. An effort is being made to secure definite information which will lead to the conviction of this confederate.

Mr. Richmond, of the Adjustment Bureau, started on the final trip in search of his man on June 14th and on June 20th had Muinch under arrest and on June 25th he was sentenced to the penitentiary. The complaint on which he pleaded guilty, that of the Holtgrewe-Vornbrock Furniture Company, was for goods which had been sold him under the name of John Martin, and which went to Louisburg, Kan. Muinch employed an attorney, and at first decided to make a contest. Four additional complaints were then filed against him, which decided him to plead guilty to the first charge.

Besides the goods recovered in Kansas City other shipments were found in the depot of the Missouri Pacific railroad at Sweet Springs.

These cases illustrate what can be done through co-operative efforts and by concentrating claims against a debtor. The adjustment bureau prosecution work of the associations is going to make it more and more difficult for the crook to make a comfortable living in the pursuit of his calling.

#### Copies of Letters Received by Secretary Buck.

WASHINGTON, PA.,  
Aug., 1908.

Dear Sir

I would like you should explain me what you asked me I should give you my creadet I dont under stood these question you give me 10 days explain you I dont know what to explain you if your reaples will explain me what your question are I will meet you.

Yours truly

(Signed) DAVID SIGNA.

August 22 1908.

Ark La

MR. S. D. BUCK  
Baltimore MD

Dear Sir I Resived two Letters frum you to Day and in Riply Sarrry that you have my name to be Place on file Bit I hope I am not two late Save it if I ban save it this time it shall be the Case again if I havnt the money to Pay for goods When Resived I Will not order Please spair me this time I am now sending C. S. Blank & son thair money. I had to Borro it I have sum money Due Me But it is hard to git it it is Promust me from weake to wak and that is the reason Why I have not Paid this Det Before thair fo I kindly ask you to not spoile my name for Life

Yours vary truly

(Signed) W. J. ROUSE.



## THE NEED IN IOWA OF A LAW REGULATING THE SALE OF STOCKS OF GOODS IN BULK.

AN ADDRESS BY R. O. GREEN, FORT DODGE, IOWA, BEFORE THE DES MOINES CREDIT MEN'S ASSOCIATION.

Since the dawn of commercialism, society has constantly endeavored to enact laws for the protection of its subjects. These laws, dating back to ancient times, were very crude in their construction but probably very effectual in securing the desired result; as, for instance, laws passed in China which provided that a banker who failed should be put to death—a very direct if a very severe law, one which, at the present day would, of course, not be tolerated. Also witness such laws as provided for imprisonment for debt, which you will remember was very pathetically portrayed in verse and formed a part of our school-day experience in elocution under the title of "The Prisoner for Debt."

As time passed and commercialism grew, such laws as the old debtor laws were found to be too drastic in effect and the tendency followed to enact laws which while probably not intended directly to protect the debtor in the perpetration of fraud, yet in the practical effect or for the want of proper restrictions, brought about such results. Laws enacted to protect the individual in his constitutional right to hold property, left uncovered the opportunity to defraud. A larger common sense has, however, begun to assert itself in our present day law-making, which is seeking to protect in a better degree the rights of the creditor classes and in harmony with the movement and a necessary part of it, protect the honest debtor who desires to conduct his business in an honorable way and be relieved from the unfair competition of the dishonest and disreputable dealer.

Right here I want to express my great appreciation of the aims and work of the National Association of Credit Men. That Association, more than any other factor, has and is instrumental in bringing to a higher standard the business and commercial transactions of our land. The members of the Association are engaged in an educational campaign which deserves the hearty and unstinted support of every business and credit man who has the commercial prosperity of our country at heart and desires to see practiced the principles of high character in our business life.

There is in effect to-day, in the majority of the states, laws regulating the sales of stocks of merchandise in bulk. These laws, with two or three exceptions, have been declared constitutional by the highest tribunals of their respective states, and so we may safely assume that having passed the scrutiny of the highest courts of the states they cannot be considered as a burden to any class of people but rather in the line of progress and in the interest and for the common good of the whole people. In those states where the act was declared unconstitutional, it was due probably to the fact that a very severe penalty was imposed for an infraction of the law. In these states, modified bills are being prepared to be presented to future legislatures. Other states high in commercial integrity and ability have passed these laws. Why have we not such a law in Iowa?

For the information of some of those who may not be familiar with the history of this subject in Iowa, permit me to say that in four consecutive sessions of the legislature, the matter has had attention. Upon the first presentation, the bill did not receive passing notice. At the next session the bill was referred to the Judiciary Committee but never passed out of that committee. At the next ses-

sion the bill was passed out of the Judiciary, passed the lower house but was defeated in the Senate. In the next and last attempt, as perhaps the majority of you know, the bill passed the Senate but was killed in the Assembly. The matter is under advisement as to whether it will be taken up at the coming legislature. I sincerely trust that it will be decided to do so. If so, it seems to be evident that the burden of the duty will rest upon your organization. While this may be unjust, yet there seems to be a lack of uniformity of effort among the interested parties in the state to get together and formulate a definite plan of action, and so I believe that the National Association of Credit Men should take the initiative and put in operation a well-organized plan to accomplish this very much-needed legislation.

Referring to the National Association of Credit Men, it was apparent to those of us who attended the convention recently held in Denver that Iowa had very little standing there and this was because Iowa has no local organizations of credit men affiliated with the National Association except in the one city, Des Moines. This should not be so. Great good will result if every principal city in the state organizes a strong association and joins hands with the National Association by affiliating with it in its good work. It is apparent that the local business concerns would reap the first result, for the object of the National Association work lies largely along the line of state legislation, and the larger part of the business of local concerns involves transactions within the borders of the state. If we had had several strong local organizations affiliated with the National Association, we would to-day be operating under a bulk sales law, for, as you all know, the burden of this work should not fall upon one community, and the consummation of our desires in this direction will, in my judgment, be long delayed unless others join hands with us.

Thus far, I have not argued the merits of the law. I take it for granted that you are familiar with the arguments for and against it. Precedent is a wonderfully effective force. In law it is almost supreme. Taking that as a basis of argument, it would seem that other states having passed this law, there is no good reason why it should not be passed in Iowa. Our people are not different, our transactions are similar, we are encompassed with like general environments, and subject to the same general laws of trade. Our tastes are not different, our morals are as good, no better, and we have the same respect for law and order as our neighbors. All this being true, why should we not have the same protection governing our business transactions as our neighbors enjoy. We should and we can if we will all determine that the cause is just and the law rightfully belongs on our statute books.

Again, in your duties of dispensing credit, you transfer your wares to the retailer under the justifiable assumption that he will conduct his business along customary lines, disposing of his goods at retail to meet the demand of his customers. You look up his rating and his record, which is a part of business history established by him in conducting his business along customary lines, and when he departs from the ordinary method of selling at retail and sells his stock in bulk, he departs from the ordinary and customary way of doing business and contrary to what you expected him to do when you granted him credit. How many of you would pass on a credit and allow a bill to be shipped to a customer if you thought there was a good chance of his selling out as soon as he received your goods? No matter how good the customer had been or how promptly he paid his bills, how many of you would ship him if you knew he would sell

out in bulk as soon as he received your goods? And yet those are exactly the conditions under which you are now doing business in Iowa. You cannot legislate honesty into a man. If the principles of honesty are not inherently contained and interwoven into his character, you have no protection against his efforts to beat you; but laws can be and of right should be enacted which will so safeguard business from the dishonest acts of a trader that the business community may in a measure be protected against gross acts of fraud.

There is another phase of this. I once followed a business that had as customers what I called "curb-stone real estate dealers." These men had no offices but did business on the curb. They made their work to look up struggling merchants who, though honest, had become involved and who were in a position to fail if pushed by creditors. By advertising in the papers that they had improved farms to trade for stocks of goods, these real estate dealers would get in touch with merchants whose condition was critical and who would naturally be attracted by an advertisement of that kind as affording them a means of disposing of their stock and procuring a farm. Nine times out of ten, this farm would be mortgaged for all it was worth; but by persuasion and the payment of a little cash the deal would go through, the merchant being persuaded, perhaps, with the aid of the local banker, who stood in to get the cash either as commission or to pay his claim, that the deal was a good one, and thus neither the merchant nor his creditors would have anything left while the smooth real estate man would escape to some other town with his stock of goods and hold a fire sale, demoralizing the trade of that town for the legitimate dealer and paying no taxes for doing it. I have often been told in former years by real estate dealers making such deals how much they had made by these transactions.

Consider for a moment. Here is a merchant, honest, in the usual course of trade, who through bad management or overbuying, becomes involved. He is tempted by the chance to get a little money to go into a trade. He sees that he will get a breathing spell, although perchance, he may exercise that spell in another climate, and his creditors can hold the bag with a farm on their hands mortgaged for all it is worth. Now, if a bulk sales law were on the statute books, this merchant, when he became involved, would seek his creditors and through the medium of an adjustment bureau, would arrange his affairs either to continue his business by extensions, as can often be done, or by dividing his assets pro rata with his creditors, leave an honorable record behind him. Although some may not see the moral tendency of such a law, I make the contention, based on my information and knowledge there is much to be said for laws that will protect us against evil doing. It is impossible for me in a few brief moments to cover all the salient points bearing on this subject, but I hope I have impressed upon some of my fellow members of this Association in Iowa that it is for us first of all to build up a powerful organization of credit men in all our large Iowa cities and then whatever legislation looking to better conditions we may propose will stand a favorable chance of being secured.

#### **A Plausible Argument Against the Bulk Sales Law.**

An educational campaign in behalf of the bulk sales law has been in progress in Arkansas for several months. The members of the association there have been corresponding widely with business men over the state and some of the answers received point to the need of careful preparations in order to secure a backing for the measure.

The main trouble is that the opponents of the measure can, by taking a narrow point of view, present a very specious argument which would have much weight with a legislator who had little or no business experience. It is now a well-recognized principle that the jobber must in every possible way protect the interests of the retailer. The jobber cannot, therefore, on any such ground as is taken in the following letter oppose the enactment of a law which protects the honest retailer against the dishonest retailer who throws virtually stolen goods upon the market at ruinous prices. No business man, no matter what is his relation to the community, will deny that it is for him in common with all honorable business men to make it hard for the business transgressors.

Here is the letter:

"BROADSTAND GROCERY COMPANY, BROADSTAND, ARK.:

GENTLEMEN: In reply to your favor of January 24th, we have carefully noted all you have to say in regard to the bulk sales law. This is a measure that is being pushed in the local states by the National Wholesale Jobbers' Association, and it is of no possible benefit to anyone except the National Wholesale Jobbers' Association. We feel that we are amply able to take care of our interests in our local territory, as our salesmen visit the trade once a week, and we are surely able to protect our interests when we are in such close touch with them. This is not so, however, with the St. Louis, Chicago and eastern jobbers, whose representatives probably do not see these people once in ninety days. They could be sold out and gone before their salesmen would be aware of their intention. We think we can afford to take a few chances rather than protect the interests of outside merchants and invite more competition; our experience is that we have competition enough already without putting a premium on same. For instance, our mail is burdened every day with inquiries as to the credit standing of certain of our customers from jobbing houses in St. Louis, Chicago, Cincinnati and other points. As we do not own any stock in any of these houses we do not care whether they are able to make collections for their sales or not. We hope that after careful investigation you will see the matter as we do, as we do not desire to see a bulk sales law on the statute books of the state of Arkansas.

Yours truly,

THE SHOWME MERCANTILE COMPANY,  
Showme, Ark."

#### **An Opinion to Have in Mind in Arranging Contracts for Future Deliveries.**

A case was recently outlined to the National office by one of the members of the Association to be laid before the Legal Bureau, presenting credit phases which are decidedly interesting and likely to confront nearly every credit man more or less frequently. It illustrates the necessity of eternal vigilance in credit matters.

The case runs as follows:

"M" entered into a contract with "A" to furnish a certain quantity of material, same to be shipped as specified and payments to be made in sixty days from the date of invoice. "A" specified that three car loads of material be shipped, one car April 1, one car May 1, and one car June 1.

The first car was shipped on this schedule; the second and third cars were held by order of the credit department, which objected to



"A's" account exceeding a certain limit, because previous experience with the account was unsatisfactory, "A" having neglected in former transactions to make settlement as agreed, taking thirty and sixty days' additional time.

When "A" began to inquire why he was not getting his second car, he was told that his orders were held back by the credit department pending the settlement for the car shipped. Upon receipt of this information "A" cancelled his orders and threatened to hold "M" for damages which he figured to be the profit he might have made on the goods had they been shipped, plus the difference in contract price and a possible increased price he might have to pay in the open market.

At the time the order was cancelled "A" was twenty days delinquent on half the cost of the first car, while "M" was eighty days delinquent with the second car and fifty days on the third. The cause of the disagreement was purely the unwillingness of "M" to extend credit for more than one car at a time in view of "A's" delinquency in a previous transaction.

The questions arising in the mind of "M" are, "What defense can be made in the premises and what prospects are there of winning the case?"

The legal department of the Association expressed the opinion on the facts outlined that "M" is liable in damages to "A," for by the terms of the contract, payment for the car shipped April 1 was not to be made until June 1, and for that reason "M" had no right to withhold from shipment the second car, which should have been sent forward May 1. This act on the part of "M" gave warrant to "A's" conclusion that the contract was cancelled and that the only recourse was to sue for damages.

The opinion was further expressed that if a waiver of the vendee's right to the second car could be spelled out; for instance, if he had made no objection to holding up the second shipment until June 1, then there might be a chance for "M" to win out on a suit.

In general, it is to be said that in such a contract as is outlined, if payment were not made by the vendee at the date agreed upon, the vendor would have the right to consider the contract cancelled; but this is not universally true, for in a good many states it is held that in such a case, the vendor has an action for debt against the vendee and must limit himself to that right and continue to ship as per terms of contract.

#### **Resolutions Embodying a Platform Which Should be Widely Adopted.**

The following resolutions adopted at the May meeting of the Lexington Credit Men's Association should give encouragement to all lovers of fair play. They are the very embodiment of many of the ideals of the National Association of Credit Men. No business man should stop with the first reading. They are as follows:

*"Resolved,* That whenever any of the members of this association desire to place their accounts in the hands of an attorney, that the secretary be requested to ascertain those in this market who may be interested in the action, who shall be requested to meet for discussion of the matter, and after discussion, if it is deemed advisable, to pool their claims for collection or investigation; and be it further

*"Resolved,* That it is the sense of this organization that in all such cases, legal action should be taken only as a last resort, and that we favor the making of every effort possible to secure an advantageous settlement before instituting suit for bankruptcy proceedings; and be it further



*Foreign Corporations—Stockholders' Liability.*—Rev. Laws, c. 110, sec. 58, cl. 6, makes the president, directors, and treasurer of a domestic corporation liable for debts contracted before the original capital is fully paid in and the certificate thereof filed in accordance with the provisions of section 43. The provisions of section 43 as to the filing of the certificate by officers of corporations applies only to domestic corporations. Chapter 126, section 17, places on officers and stockholders of foreign corporations a liability for debts and contracts on the same conditions and in the same manner as provided for domestic corporations by sections 58 to 68 of chapter 110. *Held*, that the provision of section 17 of chapter 126 puts upon officers and stockholders of foreign corporations the liabilities mentioned in chapter 110, sections 58-68, only so far as they are of a kind to which such officers and stockholders may be subject under existing laws and hence, since the provisions of section 43 apply only to domestic corporations, and officers of foreign corporations were not liable, under chapter 110, section 58, cl. 6, for debts of the corporation contracted before the capital stock was fully paid in.—*Standard Asphalt Co. vs. Merrimack Paving Co.*, 81 N. E. (Mass.) 262.

*Fraud as Against Subsequent Creditors.*—Where a conveyance of land by a debtor was made with intent to defraud existing creditors, proof of such fact was sufficient *prima facie* evidence of fraud as against subsequent creditors to entitle them to avoid the conveyance.—*Hemenway vs. Thaxter*, 90 P. (Cal.) 116.

*Memorandum of Sale Under Statute of Frauds.*—Where, after certain negotiations, the seller sent to the buyer the written order for goods described for prices specified, to be delivered at a time fixed, and the buyer by letter, signed by him, stated that, in reference to confirmation of the order, part thereof should be canceled, the order and reply satisfied the statute of frauds.—*Myers vs. Harris*, 104 N. Y. S. 514.

*Paramount Rights Under Bulk Sales Law.*—St. 1903, p. 389, c. 415 (Bulk Law) section 1, provides that the sale in bulk of a stock of merchandise, otherwise than in the ordinary course of trade, shall be fraudulent as to creditors unless the seller and the purchaser, at least five days before the sale, make an inventory showing the quantity and the cost price of the stock sold, and unless the purchaser demands from the seller a written list of names and addresses of creditors of the seller, and unless the purchaser shall, before taking possession or paying for the stock, notify every creditor of the sale and of the price and conditions thereof. An insolvent debtor fraudulently sold his stock and fixtures for a certain amount in cash, taking a mortgage for the balance. The seller and purchaser made up an inventory and list of creditors, fraudulently omitting some of the largest creditors, and notifying by registered mail and personally about half of the creditors. One of the creditors, having a small claim, was notified personally by the seller, but not by the purchaser, the seller telling him that the law had been fully complied with; and, so believing, he loaned to the seller a certain sum, taking the mortgage given by the purchaser to the seller as collateral security for the loan, before any creditor had sought to avoid the sale, or to assert his rights to the property notwithstanding the sale. *Held*, that the right of the lender of the money to the proceeds of the sale of the goods was paramount to rights of both the creditors and the trustee in bankruptcy of the seller.—*Kelly-Buckley Co. vs. Cohen*, 81 N. E. (Mass.) 297.

*Debts Not Discharged in Bankruptcy.*—The words "while acting as an officer or in any fiduciary capacity," as used in the bankrupt act of July 1, 1898, sec. 17, subd. 4, making an exception from the operation of a discharge in bankruptcy in favor of debts created by the bankrupt's

"fraud, embezzlement, misappropriation, or defalcation while acting as an officer or in any fiduciary capacity," extend to "fraud, embezzlement, misappropriation," as well as to "defalcation."—Tindle vs. Birkett, 27 Sup. Ct. (U. S.), 493.

## A COMMON SENSE METHOD OF HANDLING ACCOUNTS RECEIVABLE.

IT AVOIDS THE ANCIENT METHOD OF SENDING MONTHLY STATEMENTS AND SAVES CLERICAL WORK FOR ALL CONCERNED.

By C. F. SCRIMCHER, INDIANAPOLIS, INDIANA.

**SMITH, JONES & SMITH**  
1123 EASY STREET  
NEW YORK N. Y.

<b>INVOICE</b>	<b>DUE</b>
April 14 1908	June 24
<b>TERMS</b> 6/10/60	

**M JOHN DOE & CO.**

ELYVILLE, IND.

Amount	375	80	RECEIPT
Ret'ns or Allowances			
Discount			
Net			

RETURN THIS CARD WITH REMITTANCE

I wish to present in the BULLETIN a plan of caring for monthly statements and settlements which saves considerable expense to the wholesaler and also benefits the bookkeeper for the retail house. The plan calls for the use of a card like the accompanying form, with all such information as terms, due date, gross amount of invoice clearly exhibited. This card should be mailed with every invoice.

Upon its receipt by the retailer the card should go to the stock register clerk and the invoice to the receiving and checking department.

The advantage of this is readily seen when terms are short and delay means loss of discount, for the office can now keep close tally on the receiving department. Upon the return of the invoice to the registry clerk properly viséd and checked it would be compared with the card and any returns and deductions would be noted thereon.

Cards would then be placed in the payment file under their due date.

The cashier or bookkeeper when lifting the cards for payment could again quickly check them with the ledger accounts to detect any possible error.

I believe such a method would, if adopted, help immensely in handling a large business. I shall be glad to know what there is in the plan which is not feasible.



## Will Any General Attempt be Made to Take Advantage of Present Favorable Prices for Construction?

In a series of articles in the *American Lumberman* is appearing a discussion of the present favorable conditions prevailing in the market for those who intend to build, conditions which it is argued will last but a brief period.

One of the articles is as follows:

"Present day commerce is based upon the idea of specialization. One man raises produce, another builds houses, another makes clothes; others engage in transporting various commodities; still others work in factories, shops, foundries and mills. The men who build houses can not consume all the potatoes raised by the farmers. The farmers can not give all the carpenters, masons and plasterers steady employment. When the artisans are out of employment they can not secure the means of purchasing for their requirements and the result is a lighter demand all along the line. Start one faction to work and you start them all.

"When the call for carpenters is greater than the supply men unskilled in the work can secure employment at high wages and skilled workers can command special prices. Here enters and becomes active the law of supply and demand which may not be reversed or defied with impunity.

"When the supply of labor is greater than the demand workmen can be secured on better terms and will give greater and better service. This is the logic of the law mentioned and of human nature.

"Labor is cheaper now than it was a year ago, although nominally wages are the same. It is cheaper because it is better.

"Materials are cheaper than they were a year ago, not for the same reason that labor is cheaper but in the actual prices that must be paid.

"Last year the majority of the dealers in building material had all the trade they could handle. This year business has been fair, as shown by the building records, but there is room for a very considerable improvement.

"The one great reason why building operations should be undertaken now or why contracts for supplies should be entered into is that they can be made on more advantageous terms.

"Materials can be secured for lower prices, will be delivered more promptly and in a more satisfactory manner than during either 1906 or 1907.

"As a general proposition lumber now is being sold for 10 to 15 per cent. less than during last year. In some cases where the trade is supplied with special woods a reduction to that extent has not been made. However, 10 per cent. probably represents about the general decline in the retail price of building material.

"A Cleveland operator has supplied some specific information showing the relative cost of building in 1907 and 1908 which is reproduced herewith:

	1907.	1908.	Per cent. of decrease.
Masonry and grading.....	\$1,329	\$944	29.0
Plastering .....	585	313	46.8
Plumbing .....	640	500	21.9
Heating .....	730	570	22.0
Painting .....	530	400	24.5
Lumber, \$4 to \$6 a thousand less.			

"The foregoing comparative values represent actual figures secured by a man who wished to build. The 1907 prices were made during the latter part of that year and the 1908 prices this month.

"It is high time the general public informs itself of this condition of affairs and profits by the opportunity now presented, one which probably will not long be available.

"No uniform reduction in the retail prices of lumber has been made by the dealers of the country. Some have very materially reduced their prices and claim to have encouraged building by this policy. In other sections, however, cheap lumber now being offered has to be transported such great distances that the freight rates put a high value on the products. This particularly is true throughout the eastern section of the country and to a more limited extent in the northern territory where local supplies are inadequate.

"Referring again to the comparative schedule of values submitted it will be seen that the total cost in 1907 would have been \$3,814 for the items mentioned. For 1908 the bills put in represented a cost of only \$2,727, a saving of \$1,087 on the building for which prices were secured, representing a decrease of 28.5 per cent. This reduction possibly may be out of the ordinary. It scarcely is possible that building could be done for a third less now than in 1907, but the figures given represent estimates made by contractors during the two periods.

"This showing is sufficiently strong to warrant every prospective builder or everyone who is in a position to build in taking this matter up and making a thorough investigation of the subject.

"Conditions in different parts of the country vary. What is said of one town may not be applicable to another and probably would not be applicable to all the country, but in every city and every village in the United States it is a comparatively easy matter to determine the relative cost this year and last, and beyond question it will be found that buildings can be put up this year at a saving of anywhere from 10 to 25 per cent. of the cost in 1907.

"Pre-eminently, emphatically and conclusively this is the time to build."

All this, of course, has a deep interest to the credit man who wants to know whether the vane points toward fair or uncertain weather. The whole question comes down to demand and supply. Money is cheap because it is abundant, and, comparatively speaking, not in demand; construction is cheap because contractors and material men are hungry for contracts and concessions are the rule with concerns which last year were absolutely independent when approached regarding new work. It will be interesting to credit men in their various localities to see what are the percentage differences in prices of building materials this year in comparison with last. Such figures will help him in drawing his conclusions regarding the future, no matter in what line he checks credits.

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## LOCAL ASSOCIATION NOTES.

### Duluth.

The August 17th meeting of the Jobbers' Credit Association took the form of an outing and dinner at the Boat Club at Spirit Lake on the St. Louis river. After dinner President W. B. Cross entertained the members by giving an outline of the trip of the Duluth delegates to the Denver convention of the National Association, commenting especially on the extraordinary hospitality of the Denver Credit Men's Association

and the excellent entertainment provided those attending the convention. He also spoke highly of the arrangements made by the National Association for carrying on the business sessions of the convention, all of which he declared were of the deepest interest.

The return trip of the outing party to Duluth was made by boat.

### Memphis.

On August 11, The Memphis Credit Men's Association entertained the members and their guests with a boat ride on the Mississippi River. The "Louisiana," one of the largest steamers plying the river, was chartered for the occasion by the Entertainment Committee, and a Reception Committee of twenty-one members looked after the welfare of the party, numbering about four hundred. The association had made it a point to invite as guests the "heads of houses," most of whom accepted the invitation at the request of the Membership Committee. Invitations were extended to prospective members, a large number of whom availed themselves of the opportunity to meet the members of the association. Representatives of the press were also cordially welcomed. Refreshments were served, and an excellent band provided music for those who cared to dance, and a beautiful moonlight afforded enjoyment for those who preferred the cool breezes of the decks. The sentiment of all present is voiced when it is said that the arrangements were perfect in detail and that it proved to be the most successful entertainment that the association has given.

The Membership Committee has been very active since the Denver convention, having added forty-four new members. The committee is continuing its good work, and hopes to increase the membership still more.

### Oklahoma City.

The Oklahoma City Credit Men's Association held a meeting July 21st to hear the report of President J. E. O'Neil, delegate to the Denver convention.

The meeting was also addressed by the Hon. C. G. Jones, president of the State Fair Association, who spoke in the interests of the State Fair in which the wholesalers of Oklahoma City are much interested.

### Pittsburgh.

The Pittsburgh Association held its first annual outing September 3, 1908, at Rock Springs Park, Chester, West Virginia. William Meyers, of Sarver & Ames, was head of the committee in charge of arrangements. Athletic sports for the members, their families and friends with prizes for the winners made up the morning program, and dancing was the principal entertainment for the late afternoon.

The principal object of the outing was to give members the best possible chance of becoming acquainted, the officers feeling that informal acquaintance among the members is the first essential of effective and productive work by the association during the coming fall and winter. The outing was in every way a marked success.

### Seattle.

On August 17, 1908, the regular monthly meeting of the Seattle Credit Men's Association was held at the Hotel Perry. Thirty-five members responded to the roll-call. Messrs. Wills, Gaunce, Judah, Fox, and

Spangler, delegates to the Denver convention, reported upon different phases of the convention.

Mr. Sol Friedenthal then spoke upon the necessity of the State of Washington enacting a law providing for the charging of interest on overdue accounts, suggesting a further discussion of the matter at another meeting.

Nominations were made for the various offices, the election to occur at the regular monthly meeting in September.

### WANTS.

**WANTED** position as credit man and office manager by an experienced and energetic man who has until recently been connected with a large corporation in New York in a similar position. Has had nine years' experience and a very successful record in handling credits. Unquestionable references furnished. Address C. C. F., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**SITUATION WANTED**—A hustling, wide-awake, systematic collector and accountant, employing up-to-date methods, and having ten years' office experience, familiar with credit analysis and a good judge of men and conditions, desires situation as collection manager or credit man with a progressive firm. Age 29, married. Address B. F., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED** an opening as credit man by a party who for several years acted as secretary and treasurer of a large corporation and for the past four years has been a successful credit manager in a company operating four factory plants; is seeking a broader field where results will have compensating rewards. His good judgment of human nature, quick analysis of statements and general adaptability to credit work are proven by the small losses his concerns have had in doing business of large proportions. Is a well-trained executive systematizing work, and making a specialty of accounting, correspondence, and making collections while holding the trade. High credentials; American; age, 39; married. Address L. G. B., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**AN OPENING** is presented in a well-established flour-milling business for a man thoroughly acquainted with accounting and bookkeeping who can make a small investment in the capital stock of the concern. Address W. H. J., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**OFFICE MAN** of seventeen years' experience in commercial lines desires to communicate with parties seeking competent assistant. Private secretary, records and systems, filing, credits. Address No. 555, care Chas. E. Meek, 41 Park Row, New York, N. Y.

**POSITION** is wanted by man 27 years old, eleven years' experience, ten of which were served with one house in charge of credits, collections and accounting departments. References first class, and ready for immediate engagement. Address E. C. T., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED** position as manager or cashier and confidential man where experience and integrity counts. Have always held first-class positions in bank, manufacturing plant and mill supplies house. Have been with present concern over ten years. The reason for desiring to change is absence of chance to advance. Am single. Ready to go to any large center. Can give abundant references. Address S. M. V. J., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**BUSINESS OPPORTUNITY**—A paint manufacturing business, well started in a small way, producing splendid goods, wishes to expand. A practical plan of expansion has been devised. Would make a good opening for the right man able to invest, say, \$3,000, and devote his time to the business. General business experience or salesmanship qualities required. Address No. 666, care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED** position as auditor and credit man, by one who has had excellent office experience, is familiar with all branches of accounting and handling of collections and has very high credentials. Has excellent reason for making a change. Is 33 years old and married. Address B. C. A., care Chas. E. Meek, 41 Park Row, New York, N. Y.



**CREDIT MAN** with wide experience and an excellent record desires position where devotion to employers' interests and ability will be appreciated. Capable of writing forceful, result-bringing letters without antagonizing the customer and jeopardizing the receipt of his future business. Used to handling a large number of accounts; a majority of which required close attention. Single; age 28, and ready for immediate engagement. Location immaterial. Address No. 163, care Chas. E. Meek, 41 Park Row, New York, N. Y.

**MANAGER OR CREDIT MAN**—Man 42 years of age, now treasurer of a wholesale coffee and tea concern in middle west, desires connection with a progressive jobbing or manufacturing house. Experienced in banking and wholesale groceries, familiar with every detail of business management, handling salesmen, organization, making a specialty of collections and correspondence while holding trade. Is seeking a broader field where results will receive proper recognition. Very best of credentials; American; Location middle west preferred. Address Ro., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—A young man who is manager of the credit and accounting departments of a very large eastern wholesale house desires a similar position with another house. Is well acquainted with the general store and dry goods trade of the East, South and Middle West. Is a good accountant and correspondent and accustomed to directing the work of a large office force. Particularly successful in looking after collections. Thoroughly experienced in some of the most difficult lines of credit work. Address Credit Man, care Chas. E. Meek, 41 Park Row, New York, N. Y.

**WANTED**—A position in the Lake Region, West or Northwest by a credit and collection man and bookkeeper. Address K. M. P., care Chas. E. Meek, 41 Park Row, New York, N. Y.

**OFFICE MANAGER OR CREDIT MAN OR ASSISTANT**—Position wanted with jobbing house or manufacturer. Fifteen years experience with present employer. Am thoroughly familiar with all office work, bookkeeping, collections, credits, salesmen, etc. Will be open for engagement January 1909 or sooner, if necessary. New England or Middle States preferred; references. Address 1001, care Chas. E. Meek, 41 Park Row, New York, N. Y.

**SITUATION WANTED**—I have been employed in credit and collection department of large corporation as assistant to credit man. Am also attorney and can take charge department legal matters. Can furnish Surety Company bond. Refer to last employer. Address 1110, care Chas. E. Meek, 41 Park Row, New York, N. Y.

## Directory of Officers of the Affiliated Branches of the National Association of Credit Men.

**ATLANTA, GA.**—The Credit Men's Association of Atlanta. President, H. E. Choate, J. K. Orr Shoe Co.; Secretary, E. L. Rhodes, Ernest L. Rhodes & Co.

**BALTIMORE, MD.**—The Credit Men's Association of Baltimore. President, F. J. La Motte, The Chesapeake Shoe Co.; Secretary, S. D. Buck, Maryland Bldg.

**BIRMINGHAM, ALA.**—Birmingham Credit Men's Association. President, H. W. Coffin, Moore & Handley Hdw. Co.; Secretary, G. B. McVay, Amzi Godden Seed Co.; Assistant Secretary, R. H. Eggleston.

**BOISE, IDAHO.**—The Boise Association of Credit Men, Ltd. President, J. G. H. Graveley, Capital Brokerage and Comm. Co.; Secretary, Charles F. McCarthy, Room 1, Pioneer Bldg.

**BOSTON, MASS.**—Boston Credit Men's Association. President, Geo. H. Graves, Walworth Mfg. Co.; Secretary, Chas. L. Bird, 77 Summer Street.

**BUFFALO, N. Y.**—Buffalo Credit Men's Association. President, W. L. Fox, Buffalo Forge Co.; Secretary, Wilbur B. Grandison, 78 Erie County Bank Bldg.

**BUTTE, MONT.**—Butte Association of Credit Men. President, Chas. E. Virden, Ryan & Newton Co.; Secretary, E. Frank Casey, Casey Candy Co.

**CHARLESTON, S. C.**—Charleston Association of Credit Men. President, B. F. McLeod, Drake-Inness-Green Shoe Co.; Secretary, H. D. Lubs, C. D. Franke & Co.

**CHARLESTON, W. VA.**—Charleston Association of Credit Men. President, C. C. Lewis, Jr., Lewis, Hubbard & Co.; Secretary-Treasurer, C. F. Armitage, Payne Shoe Co.

**CHATTANOOGA, TENN.**—Chattanooga Association of Credit Men. President, J. H. Allison, J. H. Allison & Co.; Secretary, W. B. Royster, Chamber of Commerce.

**CHICAGO, ILL.**—The Chicago Credit Men's Association. President, S. J. Whitlock, Belding Bros. & Co.; Secretary, John Griggs, 218 La Salle Street.

**CINCINNATI, O.**—The Cincinnati Credit Men's Association. President, Samuel Mayer, Isaac Faller's Sons Co.; Secretary, Henry Bentley, 1201 Union Trust Bldg.

**CLEVELAND, O.**—Cleveland Association of Credit Men. President, J. B. Pearce, J. B. Pearce Co.; Secretary, Kenneth E. Taylor, 812 Park Bldg.

**COLUMBUS, O.**—Columbus Credit Men's Association. President, O. H. Perry, Columbus Buggy Co.; Secretary, Benson G. Watson, 601-605 The New First National Bank Bldg.

DALLAS, TEX.—Dallas Association of Credit Men. President, H. P. McKnight, Texas Drug Co.; Secretary, W. P. Peter, 214-218 Lina Bldg.

DENVER, COLO.—The Denver Credit Men's Association. President, R. R. Gillette, J. S. Brown & Bro. Merc. Co.; Secretary, Karl K. Mayer, Kuer Pickle Co.; Assistant Secretary, H. A. C. Mathew, 407-408 Sugar Bldg.

DES MOINES, IA.—Des Moines Credit Men's Association. President, H. F. Shepherd, Iowa Drug Co.; Secretary, D. M. Douglass, Bentley & Olmsted Co.

DETROIT, MICH.—Detroit Credit Men's Association. President, Edmund Hobbs, Detroit Heating and Lighting Co.; Secretary, W. S. Campbell, 610 Moffat Building.

DULUTH, MINN.—The Jobbers' Credit Association. (Duluth-Superior). President, W. B. Cross, F. A. Patrick & Co.; Assistant Secretary, F. H. Green, 305 Burrows Bldg.

EL PASO, TEX.—El Paso Association of Credit Men. President, James A. Dick, The James A. Dick Co.; Secretary, W. S. Crombie, W. S. Crombie & Co.

FARGO, N. D.—Fargo Association of Credit Men. President, Nelson A. Burdick, Hall-Robertson Bldg. Co.; Secretary, H. L. Loomis, N. W. Mutual Saving & Loan Assn.

FORT SMITH, ARK.—Fort Smith Association of Credit Men. President, T. S. Reynolds, Davis & Co.; Secretary, R. E. Vick.

FORT WORTH, TEX.—Fort Worth Association of Credit Men. President, R. P. Smith, Kokomo Steel and Wire Co.; Secretary, Geo. Q. McGown, Reynolds Bldg.

GRAND RAPIDS, MICH.—Grand Rapids Credit Men's Association. President, W. K. Plumb, National Biscuit Co.; Secretary, A. K. Tyson, Powers-Tyson Printing Co.

HOUSTON, TEX.—Houston Association of Credit Men. President, E. A. Peden, Peden Iron and Steel Co.; Secretary, Sterling Myer, Hunt, Myer & Townes.

HUNTINGTON, W. VA.—Huntington Association of Credit Men. President, J. F. Ratcliff, Hagen, Ratcliff & Co.; Secretary, J. T. McClintock, Watts, Ritter & Co.

INDIANAPOLIS, IND.—Indianapolis Association of Credit Men. President, Frank T. Day, Havens & Geddes Co.; Secretary, H. C. Ryker, C. W. Lefler Hat Co.

JACKSONVILLE, FLA.—Jacksonville Credit Men's Association. President, R. V. Covington, Covington Co.; Secretary, J. W. Clark.

KANSAS CITY, MO.—Kansas City Association of Credit Men. President, H. G. Moore, Big Four Implement Co.; Secretary, Frank W. Yale, 315 Dwight Bldg.

LEXINGTON, KY.—Lexington Credit Men's Association. President, R. D. Norwood, Curry, Tunis & Norwood; Secretary, C. L. Williamson, McClelland Bldg.

LINCOLN, NEB.—Lincoln Credit Men's Association. President, H. B. Trigg, Grainer Bros. Co.; Secretary, E. G. Evans, Henkle & Joyce Bldg. Co.

LITTLE ROCK, ARK.—Little Rock Association of Credit Men. President, Max Mayer, Scott-Mayer Commission Co.; Secretary, Frank T. Longley, 219½ Main St.

LOS ANGELES, CAL.—Los Angeles Credit Men's Association. President, Herman Flatau, M. A. Newmark & Co.; Secretary, W. C. Mushet, 323 Bullard Bldg.

LOUISVILLE, KY.—Louisville Credit Men's Association. President, J. H. Scales, Belknap Bldg. and Mfg. Co.; Secretary, Walter Walker, U. S. Trust Co. Bldg.

LYNCHBURG, VA.—Lynchburg Credit Men's Association. President, Edward F. Sheffield, Craddock-Terry Co.; Secretary, J. M. Funkhouser, Smith-Briscoe Shoe Co.

MEMPHIS, TENN.—The Memphis Credit Men's Association. President, C. S. Faxon, Carruthers-Jones Shoe Co.; Secretary, C. S. Dashiell, Business Men's Club Bldg., 78-81 Monroe Ave.

MILWAUKEE, WIS.—The Milwaukee Association of Credit Men. President, Harry L. Eisen, Landauer & Co.; Secretary, H. M. Battin, Standard Oil Co.

MINNEAPOLIS, MINN.—Minneapolis Credit Men's Association. President, W. G. Jordan, W. B. & W. G. Jordan; Secretary, M. C. Badger, Patterson & Stevenson Co.

MONTGOMERY, ALA.—Montgomery Association of Credit Men. President, B. Frank, Steiner, Lobman & Frank; Secretary, Wm. E. Pitts, C. F. Moritz & Co.

NASHVILLE, TENN.—Nashville Credit Men's Association. President, W. H. Harrison, care Cummins Station; Secretary, George M. Thomas, 307 Stahlman Bldg.; Assistant Secretary, Charles H. Warwick.

NEWARK, N. J.—Newark Association of Credit Men. President, W. A. Hart, L. S. Plaut & Co.; Secretary, J. Fred Braun, J. J. Hockenjos Co.

NEW ORLEANS, LA.—New Orleans Credit Men's Association. President, George K. Smith, Simonds Mfg. Co., Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.

NEW YORK, N. Y.—The New York Credit Men's Association. President, W. S. Armstrong, 320 Broadway; Secretary, A. H. Alexander, 320 Broadway.

NORFOLK, VA.—Norfolk Association of Credit Men. President, H. G. Barbee, Harris-Woodson Co.; Secretary, C. L. Whichard, Whichard Brothers Co.

OKLAHOMA CITY, OKLA.—Oklahoma City Credit Men's Association. President, J. E. O'Neil, Richards & Conover Bldg. Co.; Secretary, A. R. Parker, Williamson-Hall-Frasier Co.

OMAHA, NEB.—The Omaha Association of Credit Men. President, C. M. Russell, M. E. Smith & Co.; Secretary, E. G. Jones, Credit Clearing House.

PHILADELPHIA, PA.—The Philadelphia Credit Men's Association. President, Charles G. Rapp, Young, Smyth, Field Co.; Secretary, S. W. Severson, Room 801, 1011 Chestnut St.

PITTSBURGH, PA.—Pittsburgh Association of Credit Men. President, Enoch Rauh, Rauh Bros. & Co.; Secretary, A. C. Ellis, 716 Frick Bldg.

PORTLAND, ORE.—Portland Association of Credit Men. President, E. E. Treasurer, Simonds Mfg. Co.; Secretary, E. M. Underwood, Failing-McCalman Co.

RICHMOND, VA.—Richmond Credit Men's Association. President, John Landstreet, R. A. Patterson Tobacco Co.; Secretary, Jo. Lane Stern, 1014 Main St.

ROCHESTER, N. Y.—The Rochester Credit Men's Association. President, Warren B. Conkling, Moore-Shafer Shoe Mfg. Co., Brockport, N. Y.; Secretary, Edward Weter, Yawman & Erbe Mfg. Co.

ST. JOSEPH, MO.—St. Joseph Credit Men's Association. F. F. Zilles, Sheridan-Clayton Paper Co.; Secretary, E. D. Plummer, Richardson Dry Goods Co.

ST. LOUIS, MO.—The St. Louis Credit Men's Association. President, E. H. Dyer, Mound City Paint and Color Co.; Secretary, A. H. Foote, 809 Mercantile Bldg.

ST. PAUL, MINN.—St. Paul Credit Men's Association. President, R. A. Durkee, R. A. Durkee & Co.; Secretary, H. W. Parker, Merchants' National Bank.

**SALT LAKE CITY, UTAH.**—The Utah Association of Credit Men. President, Arthur Parsons. Assistant Secretary and Manager, Herbert Van Dam, P. O. Box 419.

**SAN ANTONIO, TEX.**—San Antonio Association of Credit Men. President, Jake Wolff, J. Oppenheimer & Co.; Secretary, G. A. C. Hall, A. B. Frank Co.

**SAN DIEGO, CAL.**—The Credit Association of San Diego. President, J. P. Haddock, Cook-Haddock Co.; Secretary, G. F. Hoff, 841 Fifth St.

**SAN FRANCISCO, CAL.**—San Francisco Credit Men's Association. President, G. Brenner, Elkus-Brenner Co.; Secretary, Ben Armer, 2707 Sacramento St.

**SAVANNAH, GA.**—Savannah Credit Men's Association. President, W. R. Finegan, Rosenheim Shoe Co.; Secretary, C. E. Allen, Sorrell Building.

**SEATTLE, WASH.**—Seattle Credit Men's Association. President Robert R. Fox, Simonds Mfg. Co.; Secretary, J. W. Spangler, Jr., Dexter, Horton & Co., Bankers.

**SIOUX CITY, IA.**—Sioux City Bureau of Credits. President, R. M. Baker, 1437

Douglas St.; Secretary-Treasurer, C. N. Lukes, Security National Bank.

**SIOUX FALLS, S. D.**—Sioux Falls Credit Men's Association. President, J. P. Adams, Haley & Lang Co.; Secretary, R. J. Cone, Manchester Biscuit Co.

**SPOKANE, WASH.**—Spokane Merchants' Association. President, A. W. Doland, Spokane Drug Co.; Secretary, J. B. Campbell, 610 Empire State Bldg.

**SYRACUSE, N. Y.**—Syracuse Association of Credit Men. President, Howard B. Buell, Syracuse Dry Goods Co.; Secretary, L. John Bergman, Pass & Seymour, Inc., Solvay, N. Y.

**TOLEDO, O.**—Toledo Association of Credit Men. President, J. H. Paddock, The Paddock-Overmyer Co.; Secretary, Lewis B. Hall, 1223 Ohio Bldg.

**WICHITA, KAN.**—Wichita Credit Men's Association. President, Willis Davis, Southwestern Drug Co.; Secretary, F. W. George, Shattuck-George Iron Co.

**YOUNGSTOWN, O.**—Youngstown Credit Men's Association. President, F. E. Hearn, John H. Fitch Coffee Co.; Secretary, W. C. McKain, 607 Stambaugh Building.

## DIRECTORY OF ADJUSTMENT BUREAUS.

Bureaus for the adjustment of insolvent estates are operated in the following cities, and the authority and supervision of their local Associations of Credit Men. All are affiliated branches of the National Association of Credit Men. Address all communications on Adjustment Bureau matters to the parties named:

**BALTIMORE, MD.**—S. D. Buck, Maryland Building.

**BOISE, IDAHO**—Chas. P. McCarthy, Room 1, Pioneer Building.

**BOSTON, MASS.**—J. J. Hennessey, 77 Summer Street.

**BUFFALO, N. Y.**—Wilbur B. Grandison, 78 Erie County Bank Building.

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**CHICAGO, ILL.**—M. C. Rasmussen, Mgr., 218 La Salle Street.

**CINCINNATI, OHIO**—Henry Bentley, 1201 Union Trust Building.

**CLEVELAND, OHIO**—Frank B. Bicknell, 505 Chamber of Commerce Building.

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**LEXINGTON, KY.**—C. L. Williamson, 726 McClelland Building.

**LITTLE ROCK, ARK.**—Frank T. Longley, 219½ Main Street.

**LOS ANGELES, CAL.**—H. B. Rossiter, 600 Equitable Savings Bank Building.

**LOUISVILLE, KY.**—Walter Walker, United States Trust Co. Building.

**MEMPHIS, TENN.**—C. S. Dashiell, Business Men's Club Bldg., 79-81 Monroe Ave.

**MILWAUKEE, WIS.**—S. Fred Wetzler, 64-67 Loan and Trust Building.

**MINNEAPOLIS, MINN.**—L. W. French, 543 Gilfillan Block, St. Paul, Minn.

**NEWARK, N. J.**—Harry V. Osborne, 164 Market Street.

**NEW ORLEANS, LA.**—H. M. Horton, 910 Canal, La. Bank Building.

**OKLAHOMA CITY, OKLA.**—George E. Black, 538 Bassett Building.

**PHILADELPHIA, PA.**—Edmund S. Mills, Room 801, 1011 Chestnut Street.

**PITTSBURGH, PA.**—A. C. Ellis, 716 Frick Building.

**PORTLAND, ORE.**—R. L. Sabin, 1 Front Street.

**RICHMOND, VA.**—Jo. Lane Stern, 1014 Main Street.

**ROCHESTER, N. Y.**—(Manager not appointed.) 1008 Granite Building.

**ST. JOSEPH, MO.**—Sidney Beery, German-America Bank Building.

**ST. LOUIS, MO.**—A. H. Foote, 809 Mercantile Building.

**ST. PAUL, MINN.**—L. W. French, 543 Gilfillan Block.

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**SAN DIEGO, CAL.**—Sam Ferry Smith, 841 Fifth Street.

**SEATTLE, WASH.**—I. H. Jennings, 714-716 Lowman Building.

**SPOKANE, WASH.**—J. B. Campbell, 610 Empire State Building.

**TOLEDO, OHIO**—Lewis B. Hall, 1223 Ohio Building.

**WICHITA, KAN.**—Willis Davis, Southwestern Drug Co.

**YOUNGSTOWN, OHIO**—W. C. McKain, 607 Stambaugh Building.

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